

**PT Bank Rakyat Indonesia
(Persero) Tbk and Subsidiaries**

Consolidated financial statements
with independent auditors' report
December 31, 2012, 2011 and 2010



PT BANK RAKYAT INDONESIA (PERSERO)

KANTOR PUSAT

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**BOARD OF DIRECTORS' STATEMENT
 REGARDING
 THE RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS
 AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010
 PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES**

We, the undersigned:

1. Name : Djarot Kusumayakti
 Office Address : Jl. Jenderal Sudirman No. 44-46 Jakarta 10210
 Residential Address : Jl. Hang Tuah raya No. 13-15 South Jakarta
 Telephone : 021 - 575 1713
 Title : Director
2. Name : Achmad Baiquni
 Office Address : Jl. Jenderal Sudirman No. 44-46 Jakarta 10210
 Residential Address : Jl. Taman Wijaya Kusuma III/21C South Jakarta
 Telephone : 021 - 575 1741
 Title : Director

Declare that:

1. We are responsible for the preparation and the presentation of the consolidated financial statements of PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries;
2. PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries' consolidated financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards;
3. a. All information in the consolidated financial statements of PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries has been disclosed in a complete and truthful manner;
 b. PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries' consolidated financial statements do not contain any material incorrect information or facts, nor do they omit material information or facts;
4. We are responsible for PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries' internal control system.

This is our declaration, which has been made truthfully.

Jakarta, January 23, 2013

For and on behalf of the Board of Directors

Djarot Kusumayakti
 Director



Achmad Baiquni
 Director

These consolidated financial statements are originally issued in the Indonesian language.

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2012, 2011 AND 2010**

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This report is originally issued in the Indonesian language.

Independent Auditors' Report

Report No. RPC-3167/PSS/2013

The Shareholders, Boards of Commissioners and Directors PT Bank Rakyat Indonesia (Persero) Tbk

We have audited the consolidated statements of financial position of PT Bank Rakyat Indonesia (Persero) Tbk (herein referred to as "BRI") and Subsidiaries as of December 31, 2012, 2011 and 2010, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of BRI's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of BRI's overseas branches whose combined total assets and net income constitute 1.47% and 0.28% of BRI's total assets and net income, respectively, for the year ended December 31, 2010. Those statements were audited by other independent auditors, whose reports with unqualified opinions had been furnished to us and our opinion, insofar as it relates to the amounts included for those overseas branches, is based solely on the reports of the other independent auditors.

We conducted our audits in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statements presentation. We believe that our audits and the reports of the other independent auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other independent auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of BRI and Subsidiaries as of December 31, 2012, 2011 and 2010, and the results of their operations and their cash flows for the years then ended in conformity with Indonesian Financial Accounting Standards.

The accompanying consolidated financial statements are prepared in accordance with BRI's plan to conduct US Dollar Bond Public Offering.

Purwanto, Suherman & Surja



Peter Surja, CPA
Public Accountant Registration No. AP.0686

January 23, 2013

The accompanying consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Indonesia. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in Indonesia.

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2012, 2011 and 2010
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2012	2011	2010
ASSETS				
Cash	2a,2c	13,895,464	10,525,973	9,975,712
Current Accounts With Bank Indonesia	2a,2c,2g,4	42,524,126	33,040,418	19,989,683
Current Accounts With Other Banks	2a,2c,2e,2f, 2g,5,43	4,842,146	5,533,225	5,658,116
Allowance for impairment losses		(171)	(61)	(63)
		<u>4,841,975</u>	<u>5,533,164</u>	<u>5,658,053</u>
Placements With Bank Indonesia And Other Banks	2a,2c,2e,2f, 2h,6,43	66,242,928	73,596,656	83,272,390
Allowance for impairment losses		-	(300)	(250)
		<u>66,242,928</u>	<u>73,596,356</u>	<u>83,272,140</u>
Securities	2a,2c,2e,2f,2i, 7,23,24,43	41,137,640	33,919,026	22,516,173
Allowance for impairment losses		(760)	(1,510)	(1,510)
		<u>41,136,880</u>	<u>33,917,516</u>	<u>22,514,663</u>
Export Bills	2c,2e,2f,2j,8, 43	5,934,772	4,828,569	741,757
Allowance for impairment losses		-	-	(7,418)
		<u>5,934,772</u>	<u>4,828,569</u>	<u>734,339</u>
Government Recapitalization Bonds	2c,2e,2i,9, 23,43	4,315,616	8,996,026	13,626,463
Securities Purchased Under Agreement To Resell	2c,2u,10	9,550,521	9,383,298	501,381
Derivatives Receivable	2c,2f,2af,11	28,850	17,818	87,870
Loans	2c,2e,2f, 2k,12,43	350,758,262	285,406,257	246,964,238
Allowance for impairment losses		(14,677,220)	(15,951,531)	(13,991,454)
		<u>336,081,042</u>	<u>269,454,726</u>	<u>232,972,784</u>
Sharia Receivables And Financing	2e,2f,2l,13,43	11,248,281	9,108,715	5,524,968
Allowance for impairment losses		(237,645)	(138,441)	(111,376)
		<u>11,010,636</u>	<u>8,970,274</u>	<u>5,413,592</u>

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)
December 31, 2012, 2011 and 2010
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2012	2011	2010
ASSETS (continued)				
Acceptances Receivable	2c,2e,2f,2m, 14,43	4,786,121	1,692,176	666,878
Allowance for impairment losses		-	-	(6,669)
		<u>4,786,121</u>	<u>1,692,176</u>	<u>660,209</u>
Investment In Associated Entities	2c,2e,2f, 2n,15,43	197,278	165,225	135,776
Allowance for impairment losses		(536)	(536)	(1,888)
		<u>196,742</u>	<u>164,689</u>	<u>133,888</u>
Premises And Equipment Cost	2o,2p,16	7,218,807	5,990,344	5,405,013
Accumulated depreciation		(4,414,441)	(4,137,526)	(3,836,068)
Net book value		<u>2,804,366</u>	<u>1,852,818</u>	<u>1,568,945</u>
Deferred Tax Assets - net	2ag,36c	2,024,911	2,631,958	2,295,101
Other Assets - net	2c,2f,2p,2q,2r, 17	5,961,840	5,293,505	4,880,779
TOTAL ASSETS		<u>551,336,790</u>	<u>469,899,284</u>	<u>404,285,602</u>

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PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)
December 31, 2012, 2011 and 2010
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2012	2011	2010
LIABILITIES AND EQUITY				
LIABILITIES				
Liabilities Due Immediately	2c,2s,18	4,911,852	3,961,640	4,123,639
Deposits From Customers	2c,2e,2t,43			
Demand Deposits	19	79,403,214	76,262,900	77,048,697
<i>Wadiah</i> Demand Deposits		671,800	515,829	315,779
Saving Deposits	20	182,481,686	152,643,459	125,197,518
<i>Wadiah</i> Saving Deposits		1,688,478	1,386,724	738,227
<i>Mudharabah</i> Saving Deposits		195,285	102,790	54,005
Time Deposits	21	177,267,237	146,006,981	126,309,586
<i>Mudharabah</i> Time Deposits		8,458,683	7,345,662	3,988,585
Total Deposits From Customers		<u>450,166,383</u>	<u>384,264,345</u>	<u>333,652,397</u>
Deposits From Other Banks And Financial Institutions	2c,2e,2t, 22,43	2,778,618	4,024,163	5,160,315
Securities Sold Under Agreement To Repurchase	2c,2u,7,9,23	-	102,681	526,365
Derivatives Payable	2c,2af,7,11	152,193	173,536	81,801
Acceptances Payable	2c,2e,2m, 14,43	4,786,121	1,692,176	666,878
Taxes Payable	2ag,36a	895,695	1,105,997	1,930,923
Fund Borrowings	2c,2e,24,43	10,888,755	13,097,916	9,454,545
Estimated Losses On Commitments And Contingencies	2aj,25,43	414	152	93,422
Other Liabilities	2c,2w,2aa, 26,41,44b	9,758,418	9,520,061	9,766,026
Subordinated Loans	2c,2v,27	2,116,562	2,136,288	2,156,181
TOTAL LIABILITIES		<u>486,455,011</u>	<u>420,078,955</u>	<u>367,612,492</u>

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PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)
December 31, 2012, 2011 and 2010
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2012	2011	2010
EQUITY				
Capital stock - nominal value Rp250 (full Rupiah) per share as of December 31, 2012 and 2011 and Rp500 (full Rupiah) per share as of December 31, 2010				
Authorized capital – 60,000,000,000 shares (consisting of 1 Series A Dwiwarna share and 59,999,999,999 Series B shares) as of December 31, 2012 and 2011 and 30,000,000,000 shares (consisting of 1 Series A Dwiwarna share and 29,999,999,999 Series B shares) as of December 31, 2010				
Issued and fully paid capital - 24,669,162,000 shares (consisting of 1 Series A Dwiwarna share and 24,669,161,999 Series B shares) as of December 31, 2012 and 2011 and 12,334,581,000 shares (consisting of 1 Series A Dwiwarna share and 12,334,580,999 Series B shares) as of December 31, 2010	1,28a	6,167,291	6,167,291	6,167,291
Additional paid-in capital	2d,28b	2,773,858	2,773,858	2,773,858
Differences arising from the translation of foreign currency financial statements	2ae,28c	44,912	49,153	47,237
Unrealized gain on available for sale securities and Government Recapitalization Bonds - net of deferred tax	2i	740,459	765,004	561,564
Retained earnings - (accumulated losses of Rp24,699,387 was eliminated as a result of quasi-reorganization as of June 30, 2003)	2d,3,28d			
Appropriated		8,412,595	8,261,766	7,974,956
Unappropriated		46,667,643	31,757,488	19,148,204
Total Retained Earnings		55,080,238	40,019,254	27,123,160
Total Equity Attributable To Equity Holders Of The Parent Entity		64,806,758	49,774,560	36,673,110
Non-controlling interest		75,021	45,769	-
TOTAL EQUITY		64,881,779	49,820,329	36,673,110
TOTAL LIABILITIES AND EQUITY		551,336,790	469,899,284	404,285,602

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PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years Ended December 31, 2012, 2011 and 2010
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2012	2011	2010
INCOME AND EXPENSES FROM OPERATIONS				
Interest, Investment and Sharia Income				
Interest and investment	2x,30	48,272,021	47,296,178	43,971,493
Sharia income	2l,2z	1,338,400	868,170	643,669
Total Interest, Investment and Sharia Income		49,610,421	48,164,348	44,615,162
Interest, Other Financing and Sharia Expense				
Interest and other financing expense	2x,31	(12,599,060)	(13,275,304)	(11,448,953)
Sharia expense	2z	(527,595)	(461,968)	(277,606)
Total Interest, Other Financing and Sharia Expense		(13,126,655)	(13,737,272)	(11,726,559)
Interest Income - net		36,483,766	34,427,076	32,888,603
Other Operating Income				
Fees		3,698,598	3,217,666	2,732,255
Recovery of assets written off		2,258,387	1,797,048	1,525,143
Gain on foreign exchange - net	2ad,2af	428,800	35,521	773,019
Gain on sale of securities and Government Recapitalization Bonds - net	2i,7,9	42,670	132,246	152,888
Other provision fees and commissions	2y	230,961	151,155	80,253
Unrealized gain on changes in fair value of securities and Government Recapitalization Bonds - net	2i,7,9	13,371	13,651	3,321
Others		1,716,945	428,688	277,654
Total Other Operating Income		8,389,732	5,775,975	5,544,533
Provision for impairment losses on financial assets - net	2f,32	(2,668,177)	(5,791,658)	(7,880,536)
Reversal of allowance (provision) for estimated losses on commitments and contingencies - net	2aj,25b	(262)	93,623	8,315
Reversal of allowance (provision) for impairment losses on non-financial assets - net	2f	(31,489)	164,841	(45,222)

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PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (continued)
Years Ended December 31, 2012, 2011 and 2010
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2012	2011	2010
Other Operating Expenses				
Salaries and employee benefits	2e,2aa, 33,41,43	(9,605,547)	(8,700,847)	(8,675,721)
General and administrative	2o,34	(6,343,661)	(5,678,786)	(4,711,444)
Premium paid on Government Guarantee Program	45	(749,297)	(624,057)	(523,991)
Others		(2,792,527)	(2,081,937)	(2,202,536)
Total Other Operating Expenses		(19,491,032)	(17,085,627)	(16,113,692)
OPERATING INCOME		22,682,538	17,584,230	14,402,001
NON OPERATING INCOME - NET	35	1,177,034	1,171,650	506,229
INCOME BEFORE TAX EXPENSE		23,859,572	18,755,880	14,908,230
TAX EXPENSE	2ag,36b,36c	(5,172,192)	(3,667,884)	(3,435,845)
INCOME FOR THE YEAR		18,687,380	15,087,996	11,472,385
Other comprehensive income:				
Exchange rate differences on translation of foreign currency financial statements		(4,241)	1,916	(42,710)
Unrealized gain (loss) on available for sale securities and Government Recapitalization Bonds - net with the amounts transferred to profit or loss in respect of fair value changes of available for sale securities and Government Recapitalization Bonds		(33,481)	274,402	172,101
Income tax relating to components of other comprehensive income		11,350	(67,813)	(43,025)
Adjustment on non-controlling interest transaction		20,342	-	-
Other Comprehensive Income For The Year After Taxes		(6,030)	208,505	86,366
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		18,681,350	15,296,501	11,558,751

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

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PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (continued)
Years Ended December 31, 2012, 2011 and 2010
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2012	2011	2010
INCOME FOR THE YEAR				
ATTRIBUTABLE TO:				
Equity holders of the Parent Entity		18,680,884	15,082,939	11,472,385
Non-controlling interest		6,496	5,057	-
TOTAL		18,687,380	15,087,996	11,472,385
TOTAL COMPREHENSIVE INCOME				
FOR THE YEAR ATTRIBUTABLE TO:				
Equity holders of the Parent Entity		18,652,098	15,288,295	11,558,751
Non-controlling interest		29,252	8,206	-
TOTAL		18,681,350	15,296,501	11,558,751
EARNINGS PER SHARE				
ATTRIBUTABLE TO EQUITY				
HOLDERS OF THE PARENT ENTITY				
	2ac,48			
Basic (full Rupiah)		778.93	628.91	478.36

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PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
Years Ended December 31, 2012, 2011 and 2010
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Issued and Fully Paid Capital	Additional Paid-in Capital	Differences Arising from the Translation of Foreign Currency Financial Statements	Stock Option	Unrealized Gain on Available for Sale Securities and Government Recapitalization Bonds - Net of Deferred Tax	Retained Earnings		Total Equity Attributable To Equity Holders of the Parent Entity ^{*)}	Total Equity
							Appropriated	Unappropriated		
Balance as of December 31, 2009 as previously stated		6,164,926	2,722,349	89,947	12,977	432,488	7,024,878	10,809,816	27,257,381	27,257,381
Impact of transition adjustments on the implementation of SFAS No. 50 (Revised 2006) and SFAS No. 55 (Revised 2006)	39	-	-	-	-	-	-	230,408	230,408	230,408
Balance as of January 1, 2010 after the implementation of SFAS No. 50 (Revised 2006) and SFAS No. 55 (Revised 2006)		6,164,926	2,722,349	89,947	12,977	432,488	7,024,878	11,040,224	27,487,789	27,487,789
Income for the year		-	-	-	-	-	-	11,472,385	11,472,385	11,472,385
Other comprehensive income	2i,2ae,28c,7,9	-	-	(42,710)	-	129,076	-	-	86,366	86,366
Total comprehensive income for the year		-	-	(42,710)	-	129,076	-	11,472,385	11,558,751	11,558,751
Distribution of income	28d	-	-	-	-	-	-	(2,195,078)	(2,195,078)	(2,195,078)
Dividends		-	-	-	-	-	-	(2,195,078)	(2,195,078)	(2,195,078)
Addition to general and specific reserves		-	-	-	-	-	950,078	(950,078)	-	-
Partnership and Environmental Assistance Program (PKBL)		-	-	-	-	-	-	(219,249)	(219,249)	(219,249)
Exercise of stock options	2ab,28a,28b,29	2,365	51,509	-	(12,977)	-	-	-	40,897	40,897
Balance as of December 31, 2010		6,167,291	2,773,858	47,237	-	561,564	7,974,956	19,148,204	36,673,110	36,673,110

*) Accumulated losses of Rp24,699,387 had been eliminated against additional paid-in capital as a result of quasi-reorganization as of June 30, 2003.

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

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PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)
Years Ended December 31, 2012, 2011 and 2010
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Issued And Fully Paid Capital	Additional Paid-in Capital	Differences Arising from the Translation of Foreign Currency Financial Statements	Unrealized Gain on Available for Sale Securities and Government Recapitalization Bonds - Net of Deferred Tax	Retained Earnings		Total Equity Attributable To Equity Holders of the Parent Entity ¹⁾	Non-controlling Interest	Total Equity
						Appropriated	Unappropriated			
Balance as of December 31, 2010		6,167,291	2,773,858	47,237	561,564	7,974,956	19,148,204	36,673,110	-	36,673,110
Income for the year		-	-	-	-	-	15,082,939	15,082,939	5,057	15,087,996
Other comprehensive income	2ad,2i,7,9	-	-	1,916	203,440	-	-	205,356	3,149	208,505
Total comprehensive income for the year		-	-	1,916	203,440	-	15,082,939	15,288,295	8,206	15,296,501
Distribution of income	28d									
Dividends		-	-	-	-	-	(1,727,950)	(1,727,950)	-	(1,727,950)
Addition to general and specific reserves		-	-	-	-	286,810	(286,810)	-	-	-
Partnership and Environmental Assistance Program (PKBL)		-	-	-	-	-	(458,895)	(458,895)	-	(458,895)
Change in non-controlling interest due to BRI Agro acquisition		-	-	-	-	-	-	-	37,563	37,563
Balance as of December 31, 2011		6,167,291	2,773,858	49,153	765,004	8,261,766	31,757,488	49,774,560	45,769	49,820,329

*) Accumulated losses of Rp24,699,387 had been eliminated against additional paid-in capital as a result of quasi-reorganization as of June 30, 2003,

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PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)
Years Ended December 31, 2012, 2011 and 2010
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Issued And Fully Paid Capital	Additional Paid-in Capital	Differences Arising from the Translation of Foreign Currency Financial Statements	Unrealized Gain (Loss) on Available for Sale Securities and Government Recapitalization Bonds - Net of Deferred Tax	Retained Earnings		Total Equity Attributable To Equity Holders of the Parent Entity ¹⁾	Non-controlling Interest	Total Equity
						Appropriated	Unappropriated			
Balance as of December 31, 2011		6,167,291	2,773,858	49,153	765,004	8,261,766	31,757,488	49,774,560	45,769	49,820,329
Income for the year		-	-	-	-	-	18,680,884	18,680,884	6,496	18,687,380
Other comprehensive income	2ad,2i,7,9	-	-	(4,241)	(24,545)	-	-	(28,786)	2,414	(26,372)
Adjustment on non-controlling interest transaction		-	-	-	-	-	-	-	20,342	20,342
Total comprehensive income for the year		-	-	(4,241)	(24,545)	-	18,680,884	18,652,098	29,252	18,681,350
Distribution of income	28d									
Dividends		-	-	-	-	-	(3,016,585)	(3,016,585)	-	(3,016,585)
Addition to general and specific reserves		-	-	-	-	150,829	(150,829)	-	-	-
Partnership and Environmental Assistance Program (PKBL)		-	-	-	-	-	(603,315)	(603,315)	-	(603,315)
Balance as of December 31, 2012		6,167,291	2,773,858	44,912	740,459	8,412,595	46,667,643	64,806,758	75,021	64,881,779

*) Accumulated losses of Rp24,699,387 had been eliminated against additional paid-in capital as a result of quasi-reorganization as of June 30, 2003,

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2012, 2011 and 2010
(Expressed in millions of Rupiah, unless otherwise stated)

	2012	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest, investment, fees and commissions and Sharia income received	49,830,419	48,238,904	46,305,688
Interest, Sharia expenses and other charges paid	(13,147,390)	(13,684,909)	(11,719,715)
Recoveries of loans written off	2,284,074	1,833,012	1,525,143
Other operating income	5,417,549	3,447,133	3,583,583
Other operating expenses	(23,396,966)	(20,204,549)	(20,324,559)
Non-operating income - net	1,162,898	1,161,176	500,355
Cash flows before changes in operating assets and liabilities	22,150,584	20,790,767	19,870,495
Changes in operating assets and liabilities:			
(Increase) decrease in operating assets:			
Placements with Bank Indonesia and other banks	(35,599,843)	753,698	(816,715)
Securities and Government Recapitalization Bonds	(2,987,198)	(4,422,876)	1,922,239
Export bills	(1,106,203)	(4,086,812)	(190,586)
Derivatives receivable	(11,032)	70,052	57,051
Loans	(69,799,516)	(42,836,970)	(46,405,925)
Sharia receivables and financing	(2,165,254)	(3,583,747)	(2,924,794)
Other assets	(4,014,473)	(1,541,889)	547,943
Increase (decrease) in operating liabilities:			
Liabilities due immediately	1,240,892	(167,523)	560,071
Deposits:			
Demand deposits	3,140,314	(785,797)	27,083,781
Wadiah demand deposits	155,971	200,050	186,482
Saving deposits	29,838,227	27,445,941	21,078,781
Wadiah saving deposits	301,754	648,497	424,428
Mudharabah saving deposits	92,495	48,785	23,274
Time deposits	31,260,256	19,697,395	26,275,285
Mudharabah time deposits	1,113,021	3,357,077	2,652,102
Deposits from other banks and financial institutions	(1,245,545)	(1,136,152)	710,409
Derivatives payable	(21,343)	91,735	(195,502)
Other liabilities	3,559,568	1,125,851	3,476,868
Net Cash Provided by (Used in) Operating Activities	(24,097,325)	15,668,082	54,335,687
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of premises and equipment	13,895	10,475	5,875
Receipt of dividends	158	134	147
Proceeds from sale of investment in associated entities	-	7,350	-
Decrease (increase) in securities purchased under agreements to resell	(167,223)	(8,881,917)	2,506
Acquisition of premises and equipment	(1,445,290)	(601,339)	(511,912)
Increase in available for sale and held to maturity securities and Government Recapitalization Bonds	(4,065,600)	(1,205,082)	(1,686,098)
Net Cash Used in Investing Activities	(5,664,060)	(10,670,379)	(2,189,482)

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
Years Ended December 31, 2012, 2011 and 2010
(Expressed in millions of Rupiah, unless otherwise stated)

	2012	2011	2010
CASH FLOWS FROM FINANCING ACTIVITIES			
(Payments of) proceeds from fund borrowings	(2,209,161)	3,643,371	(4,156,854)
Decrease in securities sold under agreement to repurchase	(102,681)	(423,684)	(18,099)
Dividends and PKBL	(3,619,905)	(2,753,372)	(2,414,327)
Increase in additional paid-in capital from exercise of stock options	-	-	38,532
Increase in paid-in capital from exercise of stock options	-	-	2,365
Payments of subordinated loans	(19,725)	-	(522,241)
Net Cash Provided by (Used in) Financing Activities	(5,951,472)	466,315	(7,070,624)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(35,712,857)	5,464,018	45,075,581
EFFECT OF EXCHANGE RATE CHANGES OF FOREIGN CURRENCIES	428,800	35,523	773,019
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	133,022,240	127,522,699	81,674,099
CASH AND CASH EQUIVALENTS AT END OF YEAR	97,738,183	133,022,240	127,522,699
Cash and cash equivalents at end of year consist of:			
Cash	13,895,464	10,525,973	9,975,712
Current accounts with Bank Indonesia	42,524,126	33,040,418	19,989,683
Current accounts with other banks	4,842,146	5,533,225	5,658,116
Placements with other banks - maturing within three months or less since the acquisition date	30,392,467	73,346,039	82,267,776
Certificates of Bank Indonesia - maturing within three months or less since the acquisition date	6,083,980	10,576,585	9,631,412
Total Cash and Cash Equivalents	97,738,183	133,022,240	127,522,699

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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1. GENERAL

a. Establishment

PT Bank Rakyat Indonesia (Persero) Tbk (hereinafter referred to as "BRI") was established on December 18, 1968 based on Law No. 21 year 1968. On April 29, 1992, based on the Government of the Republic of Indonesia (the "Government") Regulation No. 21 year 1992, the legal status of BRI was changed to a limited liability corporation (Persero). The change in the status of BRI to become a limited liability corporation was documented by notarial deed No. 133 dated July 31, 1992 of notary Muhani Salim, S.H. and was approved by the Ministry of Justice of the Republic of Indonesia in its Decision Letter No. C2-6584.HT.01.01.TH.92 dated August 12, 1992 and published in Supplement No. 3A of the Republic of Indonesia State Gazette No. 73 dated September 11, 1992. BRI's Articles of Association was then amended by notarial deed No. 7 dated September 4, 1998 of notary Imas Fatimah, S.H., pertaining to Article 2 on "Term of Corporate Establishment" and Article 3 on "Purpose, Objectives and Business Activities" to comply with the provisions of Law No. 1 year 1995 on "Limited Liability Company" that was approved by the Ministry of Justice of the Republic of Indonesia in its Decision Letter No. C2-24930.HT.01.04.TH.98 dated November 13, 1998 and was published in Supplement No. 7216 of the Republic of Indonesia State Gazette No. 86 dated October 26, 1999 and notarial deed No. 7 dated October 3, 2003 of notary Imas Fatimah, S.H., among others, regarding the Company's status and compliance with the Capital Market Laws which were approved by the Ministry of Justice and Human Rights of the Republic of Indonesia in its Decision Letter No. C-23726 HT.01.04.TH.2003 dated October 6, 2003 and published in Supplement No. 11053 of the Republic of Indonesia State Gazette No. 88 dated November 4, 2003.

Based on notarial deed No. 51 dated May 26, 2008 of notary Fathiah Helmi, S.H., BRI amended its Articles of Association, among others, to comply with the provisions of Government Regulation No. 40 year 2007 on "Limited Liability Company" and Capital Market and Financial Institution Supervisory Agency's ("Bapepam-LK") Regulation No. IX.J.I on "The Main Provisions of the Articles of Association of a Company that Conduct Public Offering of Shares and Public Company", which was approved by the Ministry of Laws and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-48353.AH.01.02. Year 2008, dated August 6, 2008 and was published in Supplement No. 23079 of the Republic of Indonesia State Gazette No. 68 dated August 25, 2009.

Subsequently, BRI's Articles of Association has been amended several times. The latest amendment was documented in notarial deed No. 57 dated March 28, 2012 of notary Dina Chozie, S.H. replacement of notary Fathiah Helmi, S.H. and was approved by the Ministry of Laws and Human Rights in its Decision Letter No. AHU-AH.01.10-2076 dated June 8, 2012.

According to Article 3 of BRI's latest Articles of Association, BRI's scope of business is to conduct and support the Government's policy and program in the economic sector and in the national development in general, particularly in conducting business in the banking sector, in accordance with the prevailing laws and regulations, including the conduct of operating activities based on Sharia principles.

b. Recapitalization Program

In realization of the recapitalization program for commercial banks, set forth in Government Regulation No. 52 year 1999 regarding the Increase in Investments in Shares by the Republic of Indonesia in State-Owned Banks, BRI received all the recapitalization with a nominal amount of Rp29,149,000 in the form of Government bonds issued in 2 (two) tranches at their nominal amounts of Rp20,404,300 on July 25, 2000 and Rp8,744,700 on October 31, 2000 (Notes 9 and 28b).

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1. GENERAL (continued)

b. Recapitalization Program (continued)

Furthermore, as stated in the Management Contract dated February 28, 2001 between the Republic of Indonesia as represented by the Government through the Ministry of Finance and BRI, the Government determined that the recapitalization requirement amount of BRI to achieve a minimum Capital Adequacy Ratio of 4% was Rp29,063,531. Therefore, BRI returned the excess of recapitalization amounted to Rp85,469 in the form of Government Recapitalization bonds to the Republic of Indonesia on November 5, 2001 (Notes 9 and 28a).

On September 30, 2003, the Ministry of Finance issued Decision Letter No. 427/KMK.02/2003 dated September 30, 2003 regarding the final amount and the implementation of the Government's rights as a result of the additional investment of the Republic of Indonesia in the capital of BRI under the recapitalization program for commercial banks. Based on this Decision Letter, the Ministry of Finance affirmed that the final recapitalization requirement of BRI amounted to Rp29,063,531 (Note 28a).

c. Initial Public Offering of Shares and Stock Split

In relation to BRI's Initial Public Offering (IPO) of shares, based on the registration statement dated October 31, 2003, the Government, acting through the Ministry of State-Owned Enterprises agreed to conduct an Initial Public Offering of 3,811,765,000 common shares of BRI together with over-subscription option shares and over-allotment option shares.

The Initial Public Offering consists of the International Public Offering (under Rule 144A of the Securities Act and Regulation "S") and the Indonesian Public Offering. BRI submitted its registration to the Capital Market and Financial Institution Supervisory Agency ("Bapepam-LK") and such registration statement became effective based on the Chairman of Bapepam-LK letter No. S-2646/PM/2003 dated October 31, 2003 (Note 28a).

BRI's Initial Public Offering (IPO) of shares consists of 3,811,765,000 shares with a nominal value of Rp500 (full Rupiah) per share and with a selling price of Rp875 (full Rupiah) per share. Subsequently, 381,176,000 shares under the over-subscription option and 571,764,000 shares under the over-allotment option at a price of Rp875 (full Rupiah) per share were exercised on November 10, 2003 and December 3, 2003, respectively. After BRI's IPO and the exercise of the over-subscription option and the over-allotment option by underwriters, the Republic of Indonesia owns 59.50% of shares of BRI (Note 28a). On November 10, 2003, the above mentioned offered shares were initially traded at the Jakarta and Surabaya Stock Exchanges (currently the Indonesia Stock Exchange) and all shares of BRI have been simultaneously listed.

Based on the deed 38, dated 24 November 2010, notary Fathiah Helmi, S.H., stock split was performed of Rp500 (full Rupiah) per share to Rp250 (full Rupiah) per share. The deed was received and recorded in the database of the Ministry of Legal Administration of Laws and Human Rights of the Republic of Indonesia in its letter No. AHU.AH.01.10-33481 dated December 29, 2010. Stock split was performed in 2011 and BRI schedule that at the end of trading shares with a previous nominal value or Rp500 (full Rupiah) per share in Regular and Negotiation Market is dated January 10, 2011 and the date of commencement of legitimate trade with the new nominal value or Rp250 (full Rupiah) per share is dated January 11, 2011.

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1. GENERAL (continued)

d. Structure and Management

BRI's head office is located at BRI I Building, Jl. Jenderal Sudirman Kav. 44-46, Jakarta.

As of December 31, 2012, 2011 and 2010, BRI has the following networks of working units:

	2012	2011	2010
Regional Offices	18	18	18
Inspection Offices	16	14	14
Domestic Branch Offices	442	427	409
Special Branch Office	1	1	1
Overseas Branch/Representative Offices	3	3	3
Sub-branch Offices	545	502	470
Cash Offices	914	870	822
BRI Units	5,000	4,849	4,649
Terraces	1,778	1,304	617

BRI has 1 (one) overseas branch located in Cayman Islands and 2 (two) representative offices located in New York and Hong Kong.

As of December 31, 2012 and 2011, BRI has 3 (three) Subsidiaries, namely, PT Bank BRISyariah, PT Bank Rakyat Indonesia Agroniaga Tbk (prior PT Bank Agroniaga Tbk) and BRI Remittance Co. Ltd. Hong Kong and as of December 31, 2010, BRI has only 1 (one) Subsidiary which is PT Bank BRISyariah.

The number of BRI's employees as of December 31, 2012, 2011 and 2010 amounted to 72,625, 40,044 and 37,644 employees (unaudited), respectively.

The composition of the Boards of Commissioners and Directors of BRI as of December 31, 2012, 2011 and 2010 based on the minutes of BRI's Annual Shareholders' General Meeting held on March 28, 2012, as stated under the notarial deed No. 41 and No. 57 of notary Fathiah Helmi, S.H. BRI's shareholders' General Meeting on September 28, 2011, as stated under the notarial deed No. 39 of notary Fathiah Helmi, S.H. and BRI's Annual Shareholders' General Meeting held on May 20, 2010, as stated under the notarial deed No. 35 of notary Fathiah Helmi, S.H. are as follows:

	2012	2011	2010
President/Independent Commissioner :	Bunasor Sanim	Bunasor Sanim	Bunasor Sanim
Vice President/Independent Commissioner :	Mustafa Abubakar	-	Soedarjono
Commissioner :	Heru Lelono	Heru Lelono	Heru Lelono
Commissioner :	Vincentius Sonny Loho	Agus Suprijanto	Agus Suprijanto
Commissioner :	Hermanto Siregar	Hermanto Siregar	-
Independent Commissioner :	Adhyaksa Dault	Adhyaksa Dault	Adhyaksa Dault
Independent Commissioner :	Ahmad Fuad	-	Baridjussalam Hadi
Independent Commissioner :	Aviliani	Aviliani	Aviliani

	2012	2011	2010
President Director :	Sofyan Basir	Sofyan Basir	Sofyan Basir
Director of Operations :	Sarwono Sudarto	Sarwono Sudarto	Sarwono Sudarto
Director of Finance :	Achmad Baiquni	Achmad Baiquni	Achmad Baiquni
Director of Commercial Business :	Sulaiman Arif Arianto	Sulaiman Arif Arianto	Sulaiman Arif Arianto
Director of Compliance :	Randi Anto	Randi Anto	Bambang Soepeno
Director of Consumer Business :	Agus Toni Soetirto	Agus Toni Soetirto	Agus Toni Soetirto

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1. GENERAL (continued)

d. Structure and Management (continued)

	2012	2011	2010
Director of Credit Risk Management :	Lenny Sugihat	Lenny Sugihat	Lenny Sugihat
Director of Micro, Small and Medium Enterprises (UMKM) :	Djarot Kusumayakti	Djarot Kusumayakti	Djarot Kusumayakti
Director of Institutional and State Owned Business Enterprise (BUMN) :	Asmawi Syam	Asmawi Syam	Asmawi Syam
Director of Network and Services :	Suprajarto	Suprajarto	Suprajarto
Director of Human Resources Management (MSDM) :	Gatot Mardiwasiso	Gatot Mardiwasiso ^{*)}	-

^{*)} Effective starting January 27, 2012, according to letter No. 14/10/GBI/DPIP/Rahasia of Bank Indonesia dated January 25, 2012 and letter No. S-49/MBU.4/2012 of Ministry of BUMN dated January 27, 2012.

The compositions of BRI's Audit Committee as of December 31, 2012, 2011 and 2010 based on BRI's Commissioners' Decision Letter No. B.61-KOM/06/2012 dated June 1, 2012, BRI's Commissioners' Decision Letter No. B.111-KOM/10/2011 dated October 19, 2011 and No. B.63-KOM/06/2010 dated June 15, 2010, respectively, are as follows:

	2012	2011	2010
Chairman :	Bunakor Sanim	Bunakor Sanim	Baridjussalam Hadi
Member :	Adhyaksa Dault	Adhyaksa Dault	Bunakor Sanim
Member :	H. C. Royke Singgih	H. C. Royke Singgih	H. C. Royke Singgih
Member :	Dedi Budiman Hakim	Dedi Budiman Hakim	Dedi Budiman Hakim
Member :	Syahrir Nasution	Syahrir Nasution	Syahrir Nasution
Member :	Hermanto Siregar	Hermanto Siregar	Soedarjono
Member :	Ahmad Fuad	-	-
Member :	Vincentius Sonny Loho	-	-

e. Subsidiaries

PT Bank BRISyariah

On June 29, 2007, BRI entered into a Sale and Purchase of Shares Agreement with the shareholders of PT Bank Jasa Arta ("BJA") to acquire 100% of BJA's shares at a purchase price of Rp61 billion. Based on the minutes of BRI's Shareholders' Extraordinary General Meeting, as stated under the notarial deed No. 3 dated September 5, 2007 of notary Imas Fatimah, S.H., the shareholders approved the above acquisition of BJA and subsequently obtained the approval of Bank Indonesia, according to letters No. 9/188/GBI/DPIP/Rahasia dated December 18, 2007 and No. 9/1326/DPIP/Prz dated December 28, 2007. The acquisition was completed on December 19, 2007 based on Acquisition Deed No. 61 of notary Imas Fatimah, S.H., whereby BRI acquired 99.99875% of the issued shares of BJA and 0.00125% was granted to BRI's Employee Welfare Foundation (Yayasan Kesejahteraan Pekerja BRI).

Based on notarial deed No. 45 dated April 22, 2008 of notary Fathiah Helmi, S.H., the name PT Bank Jasa Arta was changed into PT Bank Syariah BRI ("BSB"). Based on the Governor of Bank Indonesia's Decision Letter No. 10/67/KEP.GBI/DpG/2008 dated October 16, 2008, BSB obtained the approval to change its business activities from a conventional bank into a commercial bank that conducts business activities based on Sharia principles. Within 60 (sixty) days from the

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1. GENERAL (continued)

e. Subsidiaries (continued)

PT Bank BRISyariah (continued)

decision date, BSB was obliged to perform its business activities based on Sharia principles and within a maximum of 360 (three hundred sixty) days from the decision date, BSB was obliged to settle all its loan receivables and debtor or customer liabilities from the previous conventional banking activities.

On December 19, 2008, BRI has entered into a spin-off agreement to transfer the assets and liabilities of BRI's Sharia Business Unit ("UUS BRI") to BSB, based on notarial deed No. 27, dated December 19, 2008 on "The Spin-Off Agreement of BRI's Sharia Business Unit into PT Bank Syariah BRI" of notary Fathiah Helmi, S.H. with effective date on January 1, 2009. As a result of the spin-off as of the effective date:

1. All assets and liabilities of UUS BRI in possession of BRI by operation of law were transferred and become the rights, liabilities or expenditures to be operated under BSB's responsibility as the receiving entity.
2. All of the UUS BRI's operations, business and office activities by operation of law were transferred to and/or operated under BSB's benefit, loss and responsibility.
3. All of the UUS BRI's rights, claims, authorities and liabilities based on any agreements, actions or existing which were made, performed, or which occurred on or before the effective date of the spin-off including but not limited to the stated list of assets and liabilities of UUS BRI and all legal relations between UUS BRI and other parties by operation of law, have been transferred to and or operated under BSB's benefit, loss and responsibility.

Based on BSB's Shareholders' Statements of Agreement as stated in notarial deed No. 18 of notary Fathiah Helmi, S.H. dated April 14, 2009, the name of PT Bank Syariah BRI was changed to PT Bank BRISyariah ("BRIS") as approved by the Governor of Bank Indonesia's Decision Letter No. 11/63/KEP.GBI/DpG/2009 dated December 15, 2009.

BRIS' Articles of Association was amended several times. The latest amendment is on the addition of the issued and paid up capital based on notarial deed No. 15 dated July 19, 2010 of notary Fathiah Helmi, S.H.

Total assets of BRIS as of December 31, 2012, 2011 and 2010 amounted to Rp14,088,915, Rp11,200,828 and Rp6,858,386, respectively, or 2.56%, 2.38% and 1.70%, respectively, of the consolidated total assets. Total Sharia income for the year ended December 31, 2012, 2011 and 2010 amounted to Rp1,338,400, Rp868,170 and Rp643,669, respectively, or 2.70%, 1.80% and 1.44%, respectively, of the consolidated interest income.

PT Bank Rakyat Indonesia Agroniaga Tbk (prior PT Bank Agroniaga Tbk)

On August 19, 2010, BRI entered into Sale and Purchase of Shares Agreement (PPJB) with the Agricultural Estate Pension Fund (Dapenbun), owner of 95.96% shares of BRI Agro, to acquire the shares of BRI Agro with total nominal value of Rp330,296 for 3,030,239,023 number of shares at a price of Rp109 (full Rupiah) per share. After the acquisition, the shareholdings of BRI Agro's investors comprise of 76% by BRI, 14% by Dapenbun and 10% by the public.

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1. GENERAL (continued)

e. Subsidiaries (continued)

PT Bank Rakyat Indonesia Agroniaga Tbk (prior PT Bank Agroniaga Tbk) (continued)

The shareholders approved the acquisition of BRI Agro based on BRI's Shareholders' Extraordinary General Meeting according to notarial deed No. 37 dated November 24, 2010 of notary Fathiah Helmi, S.H. Bank Indonesia also granted approval of the acquisition in its Letter No. 13/19/GBI/DPIP/Rahasia dated February 16, 2011. The acquisition was completed on March 3, 2011 based on the notarial deed No. 14 of notary Fathiah Helmi, S.H., whereby BRI owned 88.65% of the total issued and fully paid shares of BRI Agro, as stated in notarial deed No.68 dated December 29, 2009, of notary Rusnaldy, S.H. The above mentioned matter also considered the effects of Series I Warrants which are exercisable up to May 25, 2011.

In compliance with Bapepam-LK's Regulation No. IX.H.1, Attachment to Decision of Chairman of Bapepam-LK No. Kep-259/BL/2008 dated June 30, 2008 regarding "Public Company Takeovers", BRI, as the new controlling shareholder of BRI Agro, is required to conduct mandatory Tender Offer for the remaining BRI Agro's shares which are owned by the public. The Tender Offer statement became effective May 4, 2011 based on Chairman of Bapepam-LK's letter No. S-4985/BL/2011 and was announced on two daily newspapers, *Bisnis Indonesia* and *Investor Daily*, both on May 5, 2011. The Tender Offer period commenced on May 5, 2011 and concluded on May 24, 2011. On the closing date of the Tender Offer period, BRI acquired 113,326,500 additional shares (3.15% of the total shares of BRI Agro). The price used for the Tender Offer is at Rp182 (full Rupiah) per share.

On July 1, 2011, BRI enacted the sale of 256,375,502 shares to Dapenbun as a result of Dapenbun's exercise of its buy option at a price of Rp109 (full Rupiah) per share. Based on Bapepam-LK's Regulation No. IX.H.1, the re-transfer period of the Tender Offer is within a maximum period of 2 (two) years, however, in the case of BRI Agro, BRI shall meet the minimum public shareholding of 10% no later than May 24, 2013. This is in compliance with the letter received from the Indonesian Stock Exchange No. S-06472/BEI.PPJ/09-2011 dated September 23, 2011. As of December 31, 2011, total shares of BRI Agro which has been transferred back to the public comprised of 500,000 shares, reducing BRI's ownership to 79.78% while maintaining Dapenbun's ownership at 14%.

Based on the notarial deed of Statement Decision Meeting No. 30 dated May 16, 2012 of notary Rusnaldy, SH, PT Bank Agroniaga Tbk changed its name to PT Bank Rakyat Indonesia Agroniaga Tbk ("BRI Agro") and has been approved by Bank Indonesia on its Governor's Decision Letter No. 14/72/KEP.GBI/2012 dated October 10, 2012.

Total assets of BRI Agro as of December 31, 2012 and 2011 are Rp4,041,003 or 0.73% and Rp3,476,552 or 0.74%, respectively, of the consolidated total assets. Total interest income for the years ended December 31, 2012 and 2011 is Rp349,990 or 0.71% and Rp347,042 or 0.72%, respectively of the consolidated total interest income.

BRI Remittance Co. Ltd (prior BRIngin Remittance Co. Ltd) Hong Kong

On December 16, 2011, BRI entered into the Instrument of Transfer and the Bought and Sold Notes to acquire 100% of BRIngin Remittance Co. Ltd. (BRC) Hong Kong shares (equivalent to 1,600,000 shares) at a purchase price of HKD1,911,270. This acquisition was legalized by the Inland Revenue Department (IRD) Hong Kong with stamp duty dated December 28, 2011 and approved by Bank Indonesia in its letter No. 13/32/DPB1/TPB1-3/Rahasia dated December 1, 2011.

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1. GENERAL (continued)

e. Subsidiaries (continued)

BRI Remittance Co. Ltd (prior BRIngin Remittance Co. Ltd) Hong Kong (continued)

According to the Annual General Meeting of Bringin Remittance Co. Ltd dated July 2, 2012, and the issuance of a Certificate of Change of Name No.961091 dated October 11, 2012 by the Registrar of Companies Hong Kong Special Administrative Region, the name Bringin Remittance Co. Ltd was officially changed to BRI Remittance Co. Ltd.

Total assets of BRI Remittance Co. Ltd Hong Kong as of December 31, 2012 and 2011 are Rp2,815 or 0.0005% and Rp2,327 or 0.0005%, respectively, of the consolidated total assets.

2. SUMMARY OF ACCOUNTING POLICIES

a. Basis of preparation of the consolidated financial statements

Statement of Compliance

The consolidated financial statements for the years ended December 31, 2012, 2011 and 2010 were prepared in accordance with Indonesian Financial Accounting Standards (FAS).

The consolidated financial statements have been prepared using the prevailing banking industry practices and other related financial accounting standards issued by the Indonesian Institute of Accountants (IAI) and Indonesian Capital Market and Financial Institutions Supervisory Agency (Bapepam-LK) Regulation No. VIII.G.7 Appendix of the Decision of the Chairman of Bapepam-LK No. KEP-347/BL/2012 dated June 25, 2012 regarding the "Guidelines on Financial Statements Presentations and Disclosures for Issuers or Public Companies".

BRIS (Subsidiary), which is engaged in banking activities based on Sharia principles, presents its financial statements according to SFAS No. 101 on "Sharia Financial Statements Presentation", SFAS No. 102 on "Accounting for *Murabahah*", SFAS No. 104 on "Accounting for *Istishna*", SFAS No. 105 on "Accounting for *Mudharabah*" and SFAS No. 106 on "Accounting for *Musyarakah*" and SFAS 107 on "Accounting for *Ijarah*", which supersede SFAS No. 59 on "Accounting for Sharia Banking" associated with recognition, measurement, presentation and disclosure for the respective topics, SFAS No. 110 on "Accounting for *Sukuk*" and the Indonesia Sharia Banking Accounting Guidelines (PAPSI) issued by Bank Indonesia and IAI.

The consolidated financial statements have been prepared on a historical cost basis, unless otherwise stated and under the accrual basis of accounting (except for the revenue from *istishna* and the profit sharing from the *mudharabah* and *musyarakah* financing).

The consolidated statements of cash flows have been prepared using the direct method with cash flows classified into operating, investing and financing activities. For purposes of the consolidated statements of cash flows, cash and cash equivalents consist of cash, current accounts with Bank Indonesia and current accounts with other banks, placements with other banks and Certificates of Bank Indonesia maturing within 3 (three) months from the date of acquisition, provided they are neither pledged as collateral for fund borrowings nor restricted.

The reporting currency used in the consolidated financial statements is the Indonesian Rupiah (Rp). Unless otherwise stated, all figures presented in the consolidated financial statements are rounded off to millions of Rupiah.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

b. Consolidation principles

The consolidated financial statements include the financial statements of BRI and Subsidiaries whose majority shares are owned or controlled by BRI.

Where control over a Subsidiary began or ceased during the year, the results of operations of a Subsidiary are included in the consolidated financial statements only from the date that control was acquired or up to the date that control has ceased.

Control over a Subsidiary is presumed to exist where more than 50% of the Subsidiary's voting power is controlled by BRI, or BRI has the ability to control the financial and operating policies of a Subsidiary, or has the ability to remove or appoint majority of the Subsidiary's Board of Directors, or control the majority vote during management meeting.

The purchase method of accounting is used to account for the acquisition of Subsidiaries. The cost of an acquisition is measured at the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the net assets of the Subsidiaries acquired is recorded as goodwill.

All significant balances and transactions, including unrealized gains/losses are eliminated to reflect the consolidated financial position and results of operations of BRI and Subsidiaries as a single entity.

The consolidated financial statements are prepared using uniform accounting policies for transactions and events in similar circumstances. If the Subsidiaries' financial statements use accounting policies which are different from those adopted in the consolidated financial statements, appropriate adjustments are made to the Subsidiaries' financial statements.

The non-controlling interest represents the non-controlling shareholders' proportionate share in the income for the year and equity of the Subsidiaries based on the percentage of ownership of the non-controlling shareholders in the Subsidiaries.

c. Financial assets and financial liabilities

Financial assets consist of cash, current accounts with Bank Indonesia, current accounts with other banks, placements with Bank Indonesia and other banks, securities, securities purchased under agreement to resell, Government Recapitalization Bonds, export bills, derivatives receivable, loans, acceptances receivable and other assets.

Financial liabilities consist of liabilities due immediately, deposits from customers, deposits from other banks and financial institutions, securities sold under agreement to repurchase, derivatives payable, acceptances payable, fund borrowings, subordinated loans and other liabilities.

BRI adopted SFAS No. 50 (Revised 2010), "Financial Instruments: Presentation", SFAS No. 55 (Revised 2011), "Financial Instruments: Recognition and Measurement", and SFAS No. 60, "Financial Instruments: Disclosure" effective January 1, 2012.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

SFAS No. 50 (Revised 2010) contains the requirements for the presentation of financial instruments and identifies the information that should be disclosed. The presentation requirements apply to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses and gains; and the circumstances in which financial assets and financial liabilities should be offset. This SFAS requires the disclosure of, among others, information about factors that affect the amount, timing and certainty of an entity's future cash flows relating to financial instruments and the accounting policies applied to those instruments.

SFAS No. 55 (Revised 2011) establishes the principles for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This SFAS provides the definitions and characteristics of derivatives, the categories of financial instruments, recognition and measurement, hedge accounting and determination of hedging relationships.

SFAS No. 60 requires disclosures of significance of financial instruments for financial position and performance; and the nature and extent of risks arising from financial instruments to which BRI is exposed during the period and at the end of the reporting period, and how BRI manages those risks.

BRI adopted SFAS No. 55 (Revised 2006), "Financial Instruments: Recognition and Measurement" and SFAS No. 50 (Revised 2006), "Financial Instruments: Presentation and Disclosures" effective since January 1, 2010, which replaced SFAS No. 55 (Revised 1999), "Accounting for Derivatives Instruments and Hedging Activities" and SFAS No. 50 (Revised 1999), "Accounting for Investments in Certain Securities Investments", respectively.

The impact of the initial adoption of SFAS No. 50 (Revised 2006) and SFAS No. 55 (Revised 2006) is disclosed in Note 39.

(i) Classification

BRI classifies its financial assets in the following categories at initial recognition:

- Financial assets held at fair value through profit or loss, which have 2 (two) sub-classifications, i.e. financial assets designated as such upon initial recognition and financial assets classified as held for trading;
- Loans and receivables;
- Held to maturity investments;
- Available for sale investments.

Financial liabilities are classified into the following categories at initial recognition:

- Fair value through profit or loss, which has 2 (two) sub-classifications, i.e. those designated as such upon initial recognition and those classified as held for trading;
- Other financial liabilities.

Classes of financial assets and liabilities at fair value through profit or loss consist of financial assets or liabilities held for trading which BRI acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

(i) Classification (continued)

Loans and receivables are non-derivatives financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- those that BRI intends to sell immediately or in the short term, which are classified as held for trading and those that BRI upon initial recognition designates as at fair value through profit or loss;
- those that BRI upon initial recognition designates as available for sale investments; or
- those for which BRI may not recover substantially all of its initial investment, other than because of loans and receivables deterioration, which shall be classified as available for sale.

Held to maturity investments consist of quoted non-derivatives financial assets with fixed or determinable payments and fixed maturity that BRI has the positive intention and ability to hold to maturity. Investments intended to be held for an undetermined period are not included in this classification.

The available for sale category consists of non-derivatives financial assets that are designated as available for sale or are not classified in one of the other categories of financial assets. After initial recognition, available for sale investments are measured at fair value with gains or losses being recognized as part of equity until the investment is derecognized or until the investment is determined to be impaired at which time the cumulative gains or losses previously reported in equity is included in the consolidated statements of comprehensive income. The effective yield and (where applicable) results of foreign exchange restatement for available for sale investments are reported in the consolidated statements of comprehensive income.

Other financial liabilities pertain to financial liabilities that are neither held for trading nor designated at fair value through profit or loss upon recognition of the liability.

(ii) Initial recognition

- a. Purchase or sale of financial assets that requires delivery of assets within a time frame established by regulation or convention in the market (regular purchases) is recognized on the settlement date.
- b. Financial assets and financial liabilities are initially recognized at fair value. For those financial assets or financial liabilities not measured at fair value through profit or loss, the fair value is added with directly attributable transaction costs. The subsequent measurement of financial assets and financial liabilities depends on their classification.

BRI, upon initial recognition, may designate certain financial assets at fair value through profit or loss (fair value option). The fair value option is only applied when the following conditions are met:

- the application of the fair value option reduces or eliminates an accounting mismatch that would otherwise arise; or
- the financial assets are part of a portfolio of financial instruments, the risk of which are managed and reported to key management on a fair value basis; or
- the financial assets consist of a host contract and embedded derivatives that must be bifurcated.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

(ii) Initial recognition (continued)

The fair value option is applied to certain loans and receivables that are hedged with credit derivatives or interest rate swap, but for which the hedge accounting conditions are not fulfilled. Otherwise, the loans would be accounted for at amortized cost, while the derivatives are measured at fair value through profit or loss.

The fair value option is also applied to investment funds that are part of a portfolio managed on a fair value basis. Furthermore, the fair value option is applied to structured investments that include embedded derivatives.

(iii) Subsequent measurement

Available for sale financial assets and financial assets and liabilities at fair value through profit or loss are subsequently measured at fair value.

Loans and receivables and held to maturity investments and other financial liabilities using the effective interest rate method.

(iv) Derecognition

a. Financial assets are derecognized when:

- the contractual rights to receive cash flows from the financial assets have expired; or
- BRI has transferred its rights to receive cash flows from the financial assets or has assumed an obligation to pay the cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) BRI has substantially transferred all the risks and rewards of the assets, or (b) BRI has neither transferred nor retained substantially all risks and rewards of the assets, but has transferred control of the assets.

When BRI has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of BRI’s continuing involvement in the asset.

Loans are written off when there is no realistic prospect of collection in the near future or the normal relationship between BRI and the debtors has ceased to exist. When a loan is deemed uncollectible, it is written off against the related allowance for impairment losses.

b. Financial liabilities are derecognized when they end, i.e. when the obligation under the liability is discharged, cancelled or expired.

Where an existing financial liability is replaced by another from the same creditor on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognized in the consolidated statements of comprehensive income.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

(v) Income and expense recognition

- a. Interest income and interest expense on available for sale assets and financial assets and liabilities measured at amortized cost, are recognized in the consolidated statements of comprehensive income using the effective interest rate method.
- b. Gains and losses arising from changes in the fair value of the financial assets and liabilities held at fair value through profit or loss are included in the consolidated statements of comprehensive income.

Gains and losses arising from changes in the fair value of available for sale financial assets are recognized directly in equity (other comprehensive income), except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized.

When a financial asset is derecognized or impaired, the cumulative gains or losses previously recognized in equity should be reclassified to consolidated statements of comprehensive income.

(vi) Reclassification of financial assets

BRI is not allowed to reclassify any financial instrument out of or into the fair value through profit or loss category while it is held or issued.

BRI is not allowed to classify any financial assets as held to maturity investments, if the entity has, during the current financial year or during the 2 (two) preceding financial years, sold or reclassified a significant amount of held to maturity investments before maturity (more than an insignificant amount in relation to the total amount of held to maturity investments) other than sales or reclassifications that:

- a. are so close to maturity or the financial asset's repurchase date that changes in the market rate of interest would not have a significant effect on the financial asset's fair value;
- b. occur after BRI has collected substantially all of the original principal of the financial assets through scheduled payments or prepayments; or
- c. are attributable to an isolated event that is beyond BRI's control, is non-recurring and could not have been reasonably anticipated by BRI.

Reclassification of financial assets from held to maturity classification to available for sale is recorded at fair value. Unrealized gains or losses are recorded in the equity section until the financial assets are derecognized.

(vii) Offsetting

Financial assets and liabilities are offset and the net amount is presented in the consolidated statements of financial position when and only when, BRI has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

(viii) Amortized cost measurement

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

(ix) Fair value measurement

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date, which includes the fair value obtained from IDMA's (Interdealer Market Association) quoted market prices or broker's quoted price from Bloomberg and Reuters on the measurement date.

When available, BRI measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transaction on an arm's length basis.

If a market for a financial instrument is inactive, BRI establishes fair value using valuation technique. BRI uses its own credit risk spreads in determining the fair value for its derivatives liability and all other liabilities for which it has elected the fair value option. When BRI's credit spread increases, BRI recognizes a gain on these liabilities, because the value of the liabilities has decreased. When BRI's credit spread decreases, BRI recognizes loss on those liabilities as an impact of the increase in liability.

BRI uses several commonly applied valuation techniques for determining fair values of financial instruments of lower complexity, such as exchange value options and currency swap. For these financial instruments, inputs into models are observable market data.

For more complex instruments, BRI uses internally developed models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. Valuation models are used primarily to value derivatives transacted in the over-the-counter market, unlisted debt securities (including those with embedded derivatives) and other debt instruments for which markets were or have become illiquid. Some of the inputs to these models may not be market observable and are therefore estimated based on certain assumptions.

For financial instruments with no quoted market price, a reasonable estimate of the fair value is determined by reference to the fair value of other instruments with equal substance or calculated based on the expected cash flows of the underlying net asset of those securities.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

(ix) Fair value measurement (continued)

The output of a valuation technique is an estimate or approximation of a value that cannot be precisely determined and the valuation technique employed may not fully reflect all factors relevant to the positions that BRI holds. Valuations are therefore adjusted, with additional factors such as model risks, liquidity risk and counterparty credit risk. Based on the established fair value valuation technique policy, related controls and procedures applied, BRI's management believes that these valuation adjustments are necessary and considered appropriate to fairly state the values of financial instruments measured at fair value in the consolidated statements of financial position. Price data and parameters used in the measurement procedures applied are generally reviewed carefully and adjusted, if necessary, particularly in view of the current market developments.

In cases when the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less impairment value. The fair value for loans and receivables as well as liabilities to banks and customers are determined using a present value model on the basis of contractually agreed cash flows, taking into account credit quality, liquidity and costs.

The fair values of contingent liabilities and irrevocable loan commitments correspond to their carrying amounts.

Financial assets (long positions) are measured at bid price, financial liabilities (short positions) are measured at ask price. Where BRI has consolidated assets and liabilities positions with off-setting market risk, middle-market prices can be used to measure the off-setting risk positions and bid or ask price adjustment is applied to the net open positions as appropriate.

(x) *Sukuk* Financial Asset

Investment in *ijarah sukuk* and *mudharabah sukuk* are classified as follows:

a. Measured at cost

- The investment is held in a business model whereby the primary goal is to obtain contractual cash flows and has contractual terms in determining the specific date of principal payments and or the results.
- *Sukuk* acquisition cost includes transaction cost.
- The difference between the acquisition cost and the nominal value is amortized on a straight-line basis over the period of the *sukuk*.
- Impairment loss is recognized if the recoverable amount is less than the carrying amount and is presented as an impairment loss in the statement of comprehensive income.

b. Measured at fair value

- The fair value is determined with reference to the following order:
 - Price quotation in active market.
 - Price from the current transaction, if there is no available price quotations in an active market.
 - Fair value of similar instrument, if there is no available price quotations in an active market and no price from the current transaction.
- *Sukuk* acquisition cost does not include transaction cost.
- The difference between fair value and carrying value is presented in the consolidated statements of comprehensive income.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

d. Quasi-reorganization

Based on SFAS No. 51 on "Accounting for Quasi-reorganization", quasi-reorganization is an accounting procedure which enables an enterprise to restructure its equity by eliminating accumulated losses and revaluing all its assets and liabilities based on fair values without a legal re-organization. Under quasi-reorganization, the company will have a fresh start with its statements of financial position showing current values without accumulated losses as the accumulated losses are eliminated against the additional paid-in capital account.

The estimated fair values of assets and liabilities of BRI under the quasi-reorganization was determined based on the best information available in accordance with the characteristics of the related assets and liabilities, with consideration on the level of risks or market values of the related assets and liabilities. If the market value is not available, the estimated fair value is determined based on the market values of similar types of assets, estimated present value or discounted cash flows. For certain assets and liabilities, the valuation is undertaken in accordance with the related SFAS.

Based on BRI's Shareholders' Extraordinary General Meeting held on October 3, 2003 notarized under deed No. 6 of the the same date of notary Imas Fatimah, S.H., the shareholders approved in principle the quasi-reorganization plan of BRI as of June 30, 2003 (Note 3).

BRI has performed revaluation of its assets and liabilities in conjunction with the quasi-reorganization as of June 30, 2003. Since the fair value of net assets (total assets less total liabilities) of BRI is higher than their book value, based on SFAS No. 51 (before revision in 2003), in the implementation of quasi-reorganization, BRI did not recognize the excess of such net assets against accumulated losses and used the book values of the assets and liabilities at the implementation date of quasi-reorganization. As a result of the above quasi-reorganization, BRI's deficit was eliminated against the additional paid-in capital account which amounted to Rp24,699,387 as of June 30, 2003.

Bank Indonesia, in its letter No. 5/105/DPwB2/PwB24 dated September 19, 2003, stated that in undertaking the quasi-reorganization, BRI should refer to SFAS No. 51 (before revision in 2003) and with consideration to other related aspects in implementing the quasi-reorganization.

e. Transactions with related parties

In its operational activities, BRI and Subsidiaries engage in transactions with related parties as defined in SFAS No. 7 (Revised 2010) on "Related Party Disclosures".

Effective January 1, 2011, BRI and Subsidiaries implement SFAS No. 7 (Revised 2010), "Related Party Disclosures", which requires disclosure of relationships, transactions and balances of related parties, including commitments, in the consolidated financial statements.

The implementation of the revised SFAS affects the relevant disclosures in the consolidated financial statements of BRI and Subsidiaries.

A party is considered a related party to BRI and Subsidiaries if:

- 1) directly or indirectly, through one or more intermediaries, a party (i) controls, or controlled by, or under common control with BRI and Subsidiaries; (ii) has an interest in BRI and Subsidiaries that provides significant influence on BRI and Subsidiaries or (iii) has joint control over BRI and Subsidiaries;
- 2) it is a member of the same group as BRI and Subsidiaries;

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

e. Transactions with related parties (continued)

A party is considered a related party to BRI and Subsidiaries if (continued):

- 3) it is a joint venture of a third party in which BRI and Subsidiaries have ventured in;
- 4) it is a member of key management personnel in BRI and Subsidiaries;
- 5) it is a close family member of the individual described in clause (1) or (4);
- 6) it is an entity that is controlled, jointly controlled or significantly influenced by or for whom has significant voting rights in several entities, directly or indirectly, by the individual described in clause (4) or (5); and
- 7) it is a post-employment benefit plan for the employees benefit of either BRI and Subsidiaries or entities related to BRI and Subsidiaries.

Transactions with related parties are made on terms agreed by both parties, whereby such requirements may differ from other transactions undertaken with non-related parties. Material transactions and balances with related parties are disclosed in the relevant notes to the consolidated financial statements and the details have been presented in Note 43 of the consolidated financial statements. Furthermore, material transactions and balances between BRI and Subsidiaries and the Government of the Republic of Indonesia (RI) and other entities, related to the Government of the Republic of Indonesia are also disclosed in Note 43.

f. Allowance for impairment losses on financial assets

On each statements of financial position reporting date, BRI assesses whether there is an objective evidence that financial assets not carried at fair value through profit or loss are impaired.

Financial assets are impaired when an objective evidence demonstrate that a loss event has occurred after the initial recognition of the asset and that the loss event has an impact on the future cash flows of the financial asset that can be estimated reliably.

The criteria used by the entity to determine the existence of an objective evidence of impairment loss include:

- a) significant financial difficulty of the issuer or obligor;
- b) a breach of contract, such as a default or delinquency in interest or principal payments;
- c) the creditor, for economic or legal reasons relating to the debtor's financial difficulty, grants the debtor a concession that the creditor would not otherwise consider;
- d) it becomes probable that the debtor will enter into bankruptcy or other financial reorganization;
- e) the disappearance of an active market for that financial asset because of financial difficulties; or
- f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - 1) adverse changes in the payment status of debtors in the portfolio; and
 - 2) national or local conditions that correlate with defaults on the assets in the portfolio.

The estimated period between the occurrence of the event and identification of loss is determined by management for each identified portfolio. In general, the periods used vary between 3 months and 12 months; in exceptional cases, longer periods are warranted.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

f. Allowance for impairment losses on financial assets (continued)

BRI first assesses whether an objective evidence of impairment exists individually for financial assets that are individually significant or collectively for financial assets that are not individually significant. If BRI determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Accounts that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in the collective assessment of impairment.

BRI determines the loans to be evaluated for impairment through individual evaluation if one of the following criteria is met:

1. Loans which individually have significant value and an objective evidence of impairment;
2. Restructured loans which individually have significant value.

Based on the above criteria, BRI performs individual assessment for: (a) Corporate and middle loans with collectibility classification of substandard, doubtful and loss; or (b) Restructured corporate and middle loans.

BRI determines loans to be evaluated for impairment through collective evaluation if one of the following criteria is met:

1. Loans which individually have significant value but there is no objective evidence of impairment;
2. Loans which individually have insignificant value;
3. Restructured loans which individually have insignificant value.

Based on the above criteria, BRI performs collective assessment for: (a) Corporate and middle loans with collectibility classification of current and special mention which have never been restructured; or (b) Retail and consumer loans.

Prior to January 1, 2012, in assessing collective impairment, BRI applies Bank Indonesia Circular Letter No. 11/33/DPNP dated December 8, 2009, "Amendment to Bank Indonesia Circular Letter No. 11/4/DPNP dated January 27, 2009 on the Implementation of Accounting and Reporting Guidelines for Indonesian Banking Industry" for loans with inadequate historical loss data and information. As for the loans that has the historical loss data and information that is categorized as a disaster prone area by the Government of the Republic of Indonesia, the calculation of the allowance for impairment losses is done by calculating the overall loss levels which include the level of actual damages plus any adjustments by BRI, through periodic surveys to external parties as well as BRI's internal.

In accordance with the Appendix to the Bank Indonesia Circular Letter No. 11/33/DPNP dated December 8, 2009 (SE-BI), BRI determines the allowance for collective impairment losses of loans with reference to general allowance and specific allowance in accordance with the regulation of Bank Indonesia regarding the assessment of commercial banks' asset quality. In accordance with aforementioned SE-BI, the transition rule for collective impairment calculation on loans can be applied until December 31, 2011.

Collective allowance for loans classified as special mention, substandard, doubtful and loss is calculated after deducting the value of allowable collateral in accordance with Bank Indonesia regulations. The calculations of allowance for impairment losses is based on carrying amount (amortized cost).

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

f. Allowance for impairment losses on financial assets (continued)

Starting January 1, 2012, the calculation of allowance for impairment losses on financial assets are collectively evaluated based on similar credit risk characteristics and taking into account the loan segmentation on the basis of historical loss experience (probability of default).

BRI uses the migration analysis method, which is a statistical model analysis method to collectively assess allowance for impairment losses on loans. Under this method, BRI uses 3 (three) years historical data to compute for the Probability of Default (PD) and Loss of Given Default (LGD).

BRI uses the fair value of collateral as the basis for future cash flow if one of the following conditions is met:

1. Loans are collateral dependent, i.e. if the source of loans repayment is made only from the collateral;
2. Foreclosure of collateral is most likely to occur and supported by legally binding collateral agreement.

Impairment losses on financial assets carried at amortized cost are measured as the difference between the carrying amount of the financial assets and present value of estimated future cash flows discounted at the financial assets original effective interest rate. If loans or held to maturity securities and Government Recapitulation Bonds have a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical guideline, BRI may measure impairment on the basis of an instrument's fair value using an observable market price, the calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

Losses are recognized in the consolidated statements of comprehensive income and reflected in an allowance for impairment losses account against financial assets carried at amortized cost.

Interest income on the impaired financial assets continues to be recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. When a subsequent event causes the amount of impairment loss to decrease, the impairment loss previously recognized must be recovered and the recovery is stated in the statements of comprehensive income.

For financial assets classified as available for sale, BRI assesses on each statements of financial position reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity instruments, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment resulting in the recognition of an impairment loss. Impairment losses on available for sale marketable securities are recognized by transferring the cumulative loss that has been recognized directly in equity to the statements of comprehensive income. The cumulative loss that has been removed from equity and recognized in the statements of comprehensive income is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in the consolidated statements of comprehensive income.

Impairment losses recognized in the statements of comprehensive income on available for sale equity instruments should not be recovered through a reversal of a previously recognized impairment loss in the current year statements of comprehensive income.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

f. Allowance for impairment losses on financial assets (continued)

If in a subsequent period, the fair value of debt instrument classified as available for sale securities increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the statements of comprehensive income, the impairment loss is reversed, with the amount of reversal recognized in the statements of comprehensive income.

If the terms of the loans, receivables or held to maturity securities are renegotiated or otherwise modified because of financial difficulties of the debtor or issuer, impairment is measured using the original effective interest rate before the modification of terms.

If in the next period, the amount of allowance for impairment losses is decreased and the decrease can be related objectively to an event that occurred after the recognition of the impairment losses (i.e. upgrade debtor's or issuer's collectibility), the impairment loss that was previously recognized has to be reversed, by adjusting the allowance account. The reversal amount of financial assets is recognized in the current year consolidated statements of comprehensive income.

The recoveries of written-off financial assets in the current year are credited by adjusting the allowance for impairment losses accounts. Recoveries of written-off loans from previous years are recorded as operating income other than interest income.

For financial assets of the Subsidiary that is engaged in Sharia Banking, BRIS applies PBI No. 8/21/PBI/2006 dated October 5, 2006 as amended by PBI No. 13/13/PBI/2011 dated March 24, 2011 in determination of impairment losses.

Sharia productive assets consist of current accounts with Bank Indonesia and other banks, receivables and financing, Sharia securities, placements with Bank Indonesia and other banks, assets acquired for *ijarah* as well as commitments and contingencies with credit risk.

The recognition of minimum allowance for impairment losses in accordance with PBI is as follows:

- a) 1% of earning assets classified as Current, excluding Sharia Deposit Facility of Bank Indonesia, Bank Indonesia Sharia Certificates and productive assets with cash collateral;
- b) 5% of earning assets classified as Special Mention, net of deductible collateral;
- c) 15% of earning assets classified as Sub-standard, net of deductible collateral;
- d) 50% of earning assets classified as Doubtful, net of deductible collateral; and
- e) 100% of earning assets classified as Loss, net of deductible collateral.

g. Current accounts with Bank Indonesia and other banks

Current accounts with Bank Indonesia and other banks are stated at amortized cost using the effective interest rate method less allowance for impairment losses. The current accounts with Bank Indonesia and other banks are classified as loans and receivables.

h. Placements with Bank Indonesia and other banks

Placements with Bank Indonesia and other banks consist of placement in deposit facility of Bank Indonesia such as Deposit Facility, Term Deposit and Sharia Deposit Facility whereas placements with other banks represent placements of funds in the form of inter-bank call money and time deposits.

Placements with Bank Indonesia and other banks are stated at amortized cost using the effective interest rate method less allowance for impairment losses. Placements with Bank Indonesia and other banks are classified as loans and receivables.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

i. Securities and Government Recapitalization Bonds

Securities consist of securities traded in the money market such as Certificates of Bank Indonesia, Bank Indonesia Sharia Certificates, Government bonds, promissory notes, subordinated bonds, mutual fund units, medium term notes, guaranteed notes, US Treasury Bonds, credit-linked notes and bonds traded in the stock exchange.

Securities include bonds issued by the Government that are not related with the recapitalization program such as Government Debentures (Surat Utang Negara or SUN), Government Treasury Bills (Surat Perbendaharaan Negara or SPN) and Government bonds in foreign currency purchased from primary and secondary markets.

Government Recapitalization Bonds are bonds issued by the Government in connection with the recapitalization program for commercial banks which consist of bonds under BRI's recapitalization and Government Recapitalization Bonds purchased from the secondary market.

Securities and Government Recapitalization Bonds are initially measured at fair value. After the initial recognition, the securities and Government Recapitalization Bonds are recorded according to their category, i.e. as held to maturity, fair value through profit or loss or available for sale.

The value of securities and Government Recapitalization Bonds is stated based on the classification as follows:

- 1) Held to maturity securities and Government Recapitalization Bonds are carried at amortized cost using the effective interest rate method. BRI does not classify securities or Government Recapitalization Bonds as held to maturity financial assets if BRI has, during the current financial year or during the two preceding financial years, sold or reclassified more than an insignificant amount of held to maturity securities or Government Recapitalization Bonds before maturity other than sales or reclassifications that are defined in SFAS No. 55 which is applicable in the relevant periods.
- 2) Securities and Government Recapitalization Bonds classified as fair value through profit or loss are stated at fair value. Gains and losses from changes in fair value of securities and Government Recapitalization Bonds are recognized in the consolidated statements of comprehensive income.
- 3) Securities and Government Recapitalization Bonds classified as available for sale investments are stated at fair value. Interest income is recognized in the consolidated statements of comprehensive income using the effective interest rate method. Foreign exchange gains or losses on available for sale securities and Government Recapitalization Bonds are recognized in the statements of comprehensive income. Other fair value changes are recognized directly in equity until the securities and Government bonds are sold or impaired, whereby the cumulative gains and losses previously recognized in equity are recognized in the consolidated statements of comprehensive income.

j. Export bills

Export bills represent negotiated export bills that have been discounted and guaranteed by other banks. Export bills are stated at acquisition cost after deducting the discount and allowance for impairment losses. Export bills are classified as loans and receivables.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

k. Loans

Loans represent the lending of money or equivalent receivables under contracts or borrowing and lending commitments with debtors, whereby the debtors are required to repay their debts with interest after a specified period of time.

Loans are initially measured at fair value plus transaction costs that are directly attributable and additional costs to obtain financial assets and after initial recognition, are measured at amortized cost based on the effective interest rate method less allowance for impairment losses.

Loans are classified as loans and receivables.

Loans extended under syndication agreements are recognized at the nominal amount to the extent of the risks, borne by BRI.

l. Sharia receivables and financing

Sharia receivables are receivables resulting from sale or purchase transactions based on *murabahah*, *istishna* and *ijarah* contracts. Sharia financing consists of *mudharabah* and *musyarakah* financing.

Murabahah is a sale or purchase contract between the customer and BRIS, whereby BRIS finances the investment and working capital needs of the customer sold with a principal price plus a certain margin that is mutually informed and agreed. Repayment on this financing is made in installments within a specified period. *Murabahah* receivables are stated at net realizable value, which is, the balance of the receivables less allowance for impairment losses. Deferred *Murabahah* margin is presented as a contra account of *Murabahah* receivables.

Istishna is a sale contract between *al-mustashni* (buyer) and *al-shani* (producer who also acts as seller). Based on the contract, the buyer orders the producer to make or produce *al-mashnu* (ordered goods) according to the specifications required by the buyer and to sell them at the agreed price. *Istishna* receivables are presented based on the outstanding billings less allowance for impairment losses.

Ijarah is a leasing agreement between the *muajjir* (lessor) and the *musta'jir* (lessee) on *ma'jur* (leased items) to obtain benefits on the items being leased.

Mudharabah financing is a joint financing made between BRIS, as the capital provider (*shahibul maal*) and the customer, who manages the business (*mudharib*), during a certain period. The profit sharing from such project or business is distributed according to a predetermined ratio (*nisbah*). *Mudharabah* financing is stated at the outstanding balance of the financing less allowance for impairment losses. Allowance for impairment losses is provided based on the quality of the financing as determined by a review of each individual account.

Musyarakah financing is an agreement between the investors (*musyarakah partners*) to combine their capital and conduct a joint business in a partnership with the profit or loss sharing based on an agreement or proportionate to the capital contribution, it is stated at the outstanding balance of the financing less allowance for impairment losses. BRI provides allowance for impairment losses based on the quality of the financing as determined by a review of each individual account.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

m. Acceptances receivable and payable

Acceptances receivable and payable represent letters of credit (L/C) transactions that have been accepted by the accepting bank.

Acceptances receivable and payable are stated at amortized cost. Acceptances receivable are stated net of allowance for impairment losses.

Acceptances receivable are classified as loans and receivables. Acceptances payable are classified as financial liabilities at amortized cost.

n. Investment in associated entities

Effective January 1, 2011, BRI applied SFAS No. 15 (Revised 2009), "Investments in Associated Companies". The revised SFAS is applied retrospectively and prescribes the accounting for investments in associated companies as to determination of significant influence, accounting method to be applied, impairment in value of investments and separate financial statements.

BRI's investment in its associated company is accounted for using the equity method. An associated company is an entity in which BRI has significant influence or share ownership of 20% up to 50%. Under the equity method, the cost of investment is increased or decreased by BRI's share in net earnings or losses of, and dividends received from the investee since the date of acquisition.

The consolidated statements of comprehensive income reflects the share of the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, BRI recognizes its share of any such changes and discloses this, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between BRI and the associate are eliminated to the extent of BRI's interest in the associate.

After application of the equity method, BRI determines whether it is necessary to recognize an additional impairment loss on BRI's investment in its associate. BRI determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, BRI calculates the amount of impairment as the difference between the recoverable amount of the investment in associate and its carrying value, and recognizes the amount in the statements of comprehensive income.

BRI's investment in its associate with no significant influence or share ownership under 20% are recorded in accordance with SFAS No. 55. and reduced by allowance for impairment losses.

o. Premises and equipment

Starting January 1, 2012, BRI and Subsidiaries adopted SFAS No.16 (Revised 2011) , "Premises and Equipment" and IFAS No. 25, "Land Rights".

The adoption of SFAS No. 16 (Revised 2011) has no significant impact on the financial reporting and disclosures in the consolidated financial statements.

IFAS 25 prescribes that the legal cost of land rights in the form of Business Usage Rights ("Hak Guna Usaha" or "HGU"), Building Usage Right (Hak Guna Bangunan or "HGB") and Usage Rights ("Hak Pakai" or "HP") when the land was acquired initially are recognized as part of the cost of the land under the "Premises and Equipment" account and not amortized.

Meanwhile the extension or the legal renewal costs of land rights in the form of HGU, HGB and HP were recognized as part of "Deferred Charges, Net" account in the consolidated statements of financial position and were amortized over the shorter of the rights' legal life and land's economic life.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

o. Premises and equipment (continued)

In accordance with the transitional provision of IFAS 25, the initial costs in the form of HGU, HGB and HP which were recognized as part of "Deferred Charges, Net" account in the consolidated statements of financial position prior to January 1, 2012 were reclassified to "Premises and Equipment - Land" account and ceased to be amortized effective January 1, 2012.

All premises and equipment are initially recognized at cost, which comprises its purchase price and any costs directly attributable in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent to initial recognition, premises and equipment except lands are carried at cost less any subsequent accumulated depreciation and impairment losses.

Premises and equipment acquired in exchange for a non-monetary asset or for a combination of monetary and non-monetary assets are measured at fair values, unless:

- (i) the exchange transaction lacks commercial substance, or
- (ii) the fair value of neither the assets received nor the assets given up can be measured reliably.

Depreciation of an asset starts when it is available for use and is computed using the straight-line method based on the estimated economic useful lives of the assets as follows:

	<u>Years</u>
Buildings	15
Motor vehicles	5
Computers and machineries	3 - 5
Furniture and fixtures	5

The carrying amounts of premises and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be fully recoverable.

The carrying amount of an item of premises and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the derecognition of the asset is directly included in the profit or loss when the item is derecognized.

The asset residual values, useful lives and depreciation method are evaluated at each year end and adjusted prospectively if necessary.

Land are stated at cost and not depreciated.

If the cost of land includes the costs of site dismantlement, removal and restoration, and the benefits from the site dismantlement, removal and restoration is limited, that portion of the land asset is depreciated over the period of benefits obtained by incurring those costs. In some cases, the land itself may have a limited useful life, in which case it is depreciated in a manner that reflects the benefits to be derived from it.

Constructions in-progress are stated at cost, including capitalized borrowing costs and other charges incurred in connection with the financing of the said asset constructions. The accumulated costs will be reclassified to the appropriate "Premises and Equipment" account when the construction is completed and available for intended use. Assets under construction are not depreciated as these are not yet available for use.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

o. Premises and equipment (continued)

Repairs and maintenance are taken to the profit or loss when these are incurred. The cost of major renovation and restoration is capitalized to the carrying amount of the related premises and equipment when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset and is depreciated over the remaining useful life of the related asset.

p. Impairment of Non-Financial Assets

Effective January 1, 2011, BRI and Subsidiaries prospectively adopted SFAS No. 48 (Revised 2009), "Impairment of Assets", including goodwill and assets acquired from business combinations before January 1, 2011.

SFAS No. 48 (Revised 2009) prescribes the procedures to be employed by an entity to ensure that its assets are carried at no more than their recoverable amounts. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired and this revised SFAS requires the entity to recognize an impairment loss. This revised SFAS also specifies when an entity should reverse an impairment loss and prescribes disclosures.

BRI assesses at each annual reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset (i.e. an intangible asset with an indefinite useful life, an intangible asset not yet available for use, or goodwill acquired in a business combination) is required, BRI makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or Cash Generating Unit (CGU)'s fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognized in the consolidated statement of comprehensive income as "impairment losses". In assessing the value in use, the estimated net future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used to determine the fair value of the assets. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations, if any, are recognized in the consolidated statements of comprehensive income under expense categories that are consistent with the functions of the impaired assets.

q. Foreclosed collaterals

Foreclosed collaterals acquired in settlement of loans (included as part of "Other Assets") are recognized at their net realizable values. Net realizable value is the fair value of the collateral after deducting the estimated costs of disposal. The excess in loan balances which has not been paid by debtors over the value of foreclosed collaterals is charged to allowance for possible losses on loans in the current year. The difference between the value of the collateral and the proceeds from sale thereof is recognized as a gain or loss at the time of sale of the collateral.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

r. Prepaid expenses

Prepaid expenses are amortized over their useful lives using the straight line method.

s. Liabilities due immediately

Liabilities due immediately represent the liability of BRI to external parties which by nature should be paid immediately in accordance with the requirements in the agreement which have been previously determined.

This account is classified as other financial liabilities and recorded at amortized cost.

t. Deposits from customers and other banks and other financial institutions

Demand deposits represent funds deposited by customers whereby the withdrawal can be done at any time by using a check, or through transfer with a bank draft or other forms of payment order. These deposits are stated at the amount due to the account holder.

Wadiah demand deposits represent third party funds which are available for withdrawal at any time and earn bonus based on BRIS policy. *Wadiah* demand deposits are stated at the amount due to the account holder of the deposit in BRIS.

Saving deposits represent customers' funds which entitle the depositors to withdraw under certain agreed conditions. Deposits are stated at the amount due to the account holders.

Wadiah saving deposits represent funds deposited by customers in BRIS, whereby the deposits can be withdrawn any time and does not require BRIS to give interest unless in the form of bonus in a voluntary way. *Wadiah* saving deposits are stated at the amount due to the account holders.

Mudharabah saving deposits represent funds from third parties which earn bonus based on a predetermined and pre-agreed profit-sharing return ratio (nisbah) from income derived by BRIS from the use of such funds. *Mudharabah* saving deposits is stated at the customers' saving balance.

Time deposits represent funds deposited by customers that can be withdrawn only at a certain point of time as stated in the contract between the depositor and BRI. Time deposits are stated at the nominal amount provided in the certificates of deposits or at the amount stated in the agreement.

Mudharabah time deposits represent third party funds that can be withdrawn only at a certain point in time based on the agreement between the customer and BRIS. *Mudharabah* time deposits are stated at the nominal amount as agreed by the deposit holder and BRIS.

Deposits from other banks and other financial institutions consist of liabilities to other banks, either domestic or overseas, in the form of demand deposits, saving deposits, time deposits and inter-bank call money, through the issuance of promissory notes with a term of up to 90 (ninety) days and stated at the amount due to banks and other financial institutions.

Deposits from customers and other banks and financial institutions are classified as other financial liabilities measured at amortized cost using effective interest rate method except deposits and temporary *syirkah* funds which are stated at the Bank's payable amount to customers. Incremental costs directly attributable to the acquisition of deposits from customers are deducted from the amount of deposits.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

u. Securities purchased under agreement to resell and securities sold under agreement to repurchase

Securities purchased under agreement to resell

Securities purchased under agreement to resell are presented as assets in the consolidated statements of financial position, at the resale price net of unamortized interest and net of allowance for impairment losses. The difference between the purchase price and the resale price is treated as unearned interest income (unamortized) and recognized as income over the period starting from when those securities are purchased until they are resold using effective interest rate method.

Securities purchased under agreement to resell are classified as loans and receivables.

Securities sold under agreement to repurchase

Securities sold under agreement to repurchase are presented as liabilities in the consolidated statements of financial position, at the repurchase price, net of unamortized prepaid interest. The difference between the selling price and the repurchase price is treated as prepaid interest and recognized as expense over the period starting from when those securities are sold until they are repurchased using effective interest rate method.

Securities sold under agreement to repurchase are classified as financial liabilities measured at amortized cost.

v. Subordinated loans

Subordinated loans are classified as financial liabilities at amortized cost (incremental costs directly attributable to issuance of securities are deducted from the amount of subordinated loans).

Subordinated bonds issued are stated at nominal value net of unamortized discount. Costs incurred related to the subordinated bond issuance are presented as deduction from the proceeds of bonds issued and amortized using the effective interest rate method.

Differences between the carrying amount of securities issued and repurchased value are not recognized as gain or loss in the consolidated statements of comprehensive income.

w. Allowance and on time interest payment in BRI unit

On Time Interest Payment (Pembayaran Bunga Tepat Waktu (PBTW)) represents incentives given to Micro Loans (Kredit Umum Pedesaan (Kupedes)) debtors who settled their loans according to the mutually agreed installment schedules. The amount of PBTW is 25% of the interest received from either Kupedes working capital loans or Kupedes investment loans. PBTW is recorded as a deduction of interest income on loans.

Allowance for On Time Interest Payment (Cadangan Pembayaran Bunga Tepat Waktu (CPBTW)) represents allowance provided for timely payment of incentives, which are given to debtors of Kupedes who settle their loans on time. The amount of CPBTW is 25% of interest on Kupedes working capital loans and Kupedes investment loans received monthly. CPBTW is recorded in "Other Liabilities" account.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

x. Interest income and interest expense

Interest income and expense for all interest bearing financial instruments are recognized in the consolidated statements of comprehensive income using the effective interest rate method. The effective interest rate is the rate that precisely discounts the estimated future cash payments or receipts through the expected life of the financial instrument (or, wherever appropriate, a shorter period) to obtain the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, BRI estimates future cash flows considering all contractual terms of the financial instruments except future credit losses.

This calculation includes all commissions, provision fees and other forms received by the parties in the contract that are inseparable from the effective interest rate, transaction costs and all other premiums or discounts.

If the value of a financial asset or group of similar financial assets has decreased as a result of impairment losses, the interest income subsequently obtained is recognized based on the interest rate used to discount future cash flows in calculating impairment losses.

Loans for which the principal or interest are past due for 90 (ninety) days or more, or loans with doubtful timely payment, are generally classified as impaired loans and the aforementioned interest income is reversed when the loan is classified as impaired.

y. Fees and commissions

Fees and commissions directly related to lending activities, or provision fees and commissions income which relates to a specific period, are amortized over the term of the contract using the effective interest rate method and classified as part of interest income in the consolidated statements of comprehensive income.

z. Sharia income and expense

Sharia income consists of income from *murabahah*, *istishna*, *ijarah* transactions and profit sharing from *mudharabah* and *musyarakah* financing. Income from *murabahah* and *ijarah* transactions is recognized using the accrual method. Income from *istishna* transactions and profit sharing from *mudharabah* and *musyarakah* financing are recognized when the cash installments are received. Expenses based on Sharia principles consist of *mudharabah* profit sharing expense and *wadiah* bonus expense.

aa. Pension plan and employee benefits

Short-term employee benefits

Short-term employee benefits such as salaries, social security contributions, short-term leaves, bonuses and other non-monetary benefits are recognized during the period when services have been rendered. Short-term employee benefits are measured using undiscounted amounts.

Defined contribution plan

Contribution payable to the pension fund equivalent to a certain percentage of salaries for qualified employees under the BRI's defined contribution plan. The contribution is accrued and recognized as expense when services have been rendered by qualified employees and actual payments are deducted from the contribution payable. Contribution payable is measured using undiscounted amounts.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

aa. Pension plan and employee benefits (continued)

Defined benefit plan and other long-term employee benefits

Effective January 1, 2012, BRI adopted SFAS No. 24 (Revised 2010), "Employee Benefits". The adoption of the SFAS has no significant impact on the financial reporting and disclosures in the consolidated financial statements.

The post-employment benefits and other long-term employee benefits such as grand leaves and gratuity for services are accrued and recognized as expense when services have been rendered by qualified employees. The benefits are determined based on BRI's regulations and the minimum requirements of Labor Law No. 13/2003.

The post-employment benefits and other long-term employee benefits are actuarially determined using the *Projected Unit Credit Method*.

Provisions made pertaining to past service costs are deferred and amortized over the expected average remaining service years of the qualified employees. Furthermore, provisions for current service costs are directly charged to operations of the current year/period. Actuarial gains or losses arising from adjustments and changes in actuarial assumptions are recognized as income or expense when the net cumulative unrecognized actuarial gains or losses at the end of the previous reporting period exceed 10% of the present value of the defined benefit obligations or 10% of the fair value of plan assets, at that date. The actuarial gains or losses in excess of the aforementioned 10% threshold are recognized on a straight-line method over the expected average remaining service years of the qualified employees.

Actuarial gains or losses and past service costs from other long-term employee benefits are recognized directly in the consolidated statement of comprehensive income of the current period.

ab. Stock options

BRI has granted stock options to Directors and employees of certain positions and levels based on established criteria. Cost of stock compensation at the issuance date is calculated using the fair value of the stock options and is recognized as part of "Salaries and Employee Benefits Expense" based on cliff-vesting scheme using the straight-line method over the vesting period. The accumulation of stock compensation cost is recognized as "Stock Options" in the equity.

The fair values of the stock options granted are calculated using the Black-Scholes option pricing model.

ac. Earnings per share

Effective January 1, 2012, BRI and Subsidiaries adopted SFAS No. 56 (Revised 2011), "Earnings Per Share". The adoption of SFAS No. 56 (Revised 2011) has no significant impact on the financial reporting and disclosures in the consolidated financial statements.

Basic earnings per share is calculated by dividing income for the year attributable to equity holders of the Parent Entity by the weighted average number of issued and fully paid shares during the related year.

Diluted earnings per share is computed after making the necessary adjustments to the weighted average number of common shares outstanding assuming full exercise of employee stock options at the time of issuance.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

ad. Foreign currency transactions and balances

BRI maintains its accounting records in Indonesian Rupiah. Transactions in foreign currencies are recorded at the prevailing exchange rates in effect on the date of the transactions. As of December 31, 2012, 2011 and 2010, all foreign currency denominated monetary assets and liabilities are translated into Rupiah using the Reuters spot rates at 4.00 p.m. WIB (Western Indonesian Time). The resulting gains or losses are credited or charged to the current consolidated statements of comprehensive income.

The exchange rates used in the translation of foreign currency amounts into Rupiah are the following (full Rupiah):

	2012	2011	2010
1 United States Dollar	9,637.50	9,067.50	9,010.00
1 Great Britain Pound Sterling	15,514.93	13,975.29	13,941.18
100 Japanese Yen	11,176.50	11,682.00	11,075.00
1 European Euro	12,731.62	11,714.76	12,017.99
1 Hong Kong Dollar	1,243.27	1,167.23	1,159.08

ae. Translation of the financial statements of Overseas Branch and Representative Offices

BRI has 1 (one) branch office in Cayman Islands and 2 (two) representative offices located in New York and Hong Kong which are considered as separate foreign entities.

For consolidated financial statements purposes, all accounts of the overseas branch and representative offices are translated into Rupiah with the following exchange rates:

- Assets and liabilities, commitments and contingencies - using Reuters spot rates at 4.00 p.m. WIB at statements of financial position reporting date.
- Revenues, expenses, gains and losses - using the average middle rate during the month. The ending year balances consist of the sum of the translated monthly balances of revenues, expenses and profit and losses during the year.
- Equity - Capital Stock and Additional Paid-in Capital using historical rates.
- Statements of cash flows - using the spot rate published by Reuters at 4.00 p.m. WIB on statements of financial position reporting date, except for the profit and loss accounts which are translated at the average middle rates and equity accounts which are translated at the historical rates.

The resulting difference arising from the translation process on the above financial statements is included in equity as "Differences Arising From The Translation of Foreign Currency Financial Statements".

af. Derivatives instrument

Derivatives financial instruments are valued and recognized in the consolidated statements of financial position at fair value. Each derivatives contract is carried as asset when the fair value is positive and as liability when the fair value is negative.

Derivative transactions are recognized in accordance with SFAS No. 55. Derivative receivables and payables are classified as financial assets and liabilities measured at fair value through profit or loss.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

af. Derivatives instrument (continued)

Gains or losses resulting from fair value changes are recognized in the consolidated statements of comprehensive income.

The fair value of derivatives instruments is determined based on discounted cash flows and pricing models or quoted prices from brokers of other instruments with similar characteristics.

ag. Taxation

Effective January 1, 2012, BRI and Subsidiaries adopted SFAS No. 46 (Revised 2010), "Accounting for Income Tax".

The adoption of SFAS No. 46 (Revised 2010) has no significant impact on the financial reporting and disclosures in the consolidated financial statements.

Current tax expense is provided based on the estimated taxable income for the current year. Deferred tax assets and liabilities are recognized for temporary differences between the financial and the fiscal bases of assets and liabilities at each reporting date.

Deferred tax assets are recognized for all deductible temporary differences and carry forward of uncompensated tax losses to the extent that it is probable for temporary differences and carry forward of uncompensated tax losses to be utilized in deducting future taxable profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and is reduced when it is no longer probable that sufficient taxable profits will be available to compensate part or all of the benefit of the deferred tax assets.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled based on tax laws that have been enacted or substantively enacted as at statements financial position reporting date. The related tax effects of the provisions for and/or reversals of all temporary differences during the year, including the effect of change in tax rates, are recognized as "Income Tax Benefit/(Expense), Deferred" and included in of net profit or loss for the year, except to the extent that they relate to items previously charged or credited to equity.

Amendments to tax obligations are recorded when an assessment is received or, if appealed against by BRI, when the result of the appeal is determined.

For each of the consolidated entity, the tax effects of temporary differences and tax loss carry forward, which individually is either asset or liability, are shown at the applicable net amounts.

ah. Segment information

Effective January 1, 2011, BRI and Subsidiaries applied SFAS No. 5 (Revised 2009), "Operating Segments". The revised SFAS requires disclosures that will enable users of financial statements to evaluate the nature and financial effects of the business activities in which the entity engages and the economic environments in which it operates.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

ah. Segment information (continued)

A segment is a distinguishable component of the business unit that is engaged either in providing certain products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. They are determined before intra-group balances and intra-group transactions are eliminated.

BRI and Subsidiaries presents segments operation based on BRI's internal report that is presented to the Board of Directors as the operational decision makers.

BRI has identified and disclosed financial information based on main business (business segment) classified into micro, retail, corporate, others and subsidiaries, including geographical segment.

A geographical segment is engaged in providing products or services within a particular economic environment with risks and different returns compared to other operating segments in other economic environments. BRI's geographical segment covers Indonesia, Asia and United States of America.

ai. Use of significant accounting judgment and estimates

The preparation of the BRI and Subsidiaries consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of the asset and liability affected in future periods.

Judgements

The following judgments are made by management in the process of applying BRI and Subsidiaries' accounting policies that have the most significant effects on the amounts recognized in BRI and Subsidiaries' consolidated financial statements as follows:

Going concern

BRI's management has assessed the ability of BRI and Subsidiaries' ability in going concern and believes that BRI and Subsidiaries have the resources to continue its business in the future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt to the BRI's ability to continue as a going concern. Therefore, the consolidated financial statements have been prepared on going concern basis.

Classification of financial assets and financial liabilities

BRI determines the classifications of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in SFAS No. 55 (Revised 2011). Accordingly, the financial assets and financial liabilities are accounted for in accordance with BRI's accounting policies disclosed in Note 2.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

ai. Use of significant accounting judgment and estimates (continued)

Fair value of financial instruments

If the fair value of financial assets and financial liabilities recorded in the statements of financial position is not available in an active market, such fair value is determined using various valuation techniques including the use of mathematical models.

Inputs for this model come from observable market data as long as the data is available. When observable market data is not available, it is deemed necessary for management to determine the fair value. Management's considerations include liquidity and volatility feedback model for long-term derivatives transactions and discount rate, rate of early payment and default rate assumptions.

Held to maturity securities

The classification under held to maturity securities requires significant judgment. In making this judgment, BRI evaluates its intention and ability to hold such investments to maturity. If BRI fails to keep these investments to maturity other than in certain specific circumstances, for example, selling an insignificant amount close to maturity, it will be required to reclassify the entire portfolio as available for sale securities. The available for sale securities would therefore be measured at fair value and not at amortized cost.

Financial assets not quoted in an active market

BRI classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.

Contingencies

BRI is currently involved in legal proceedings. The estimate of the probable cost for the resolution of claims has been developed in consultation with the aid of the external legal counsel handling BRI defense in this matter and is based upon an analysis of potential results. Management does not believe that the outcome of this matter will affect the results of operations. It is probable, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

Estimation and Assumption

The key assumptions concerning the future and other key sources of estimating uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below. BRI based its assumptions and estimates on parameters available when the interim consolidated financial statements were prepared.

Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of BRI. Such changes are reflected in the assumptions when they occur.

Allowance for impairment losses on loans and Sharia financing/receivables

BRI reviews its loan portfolio and receivables to assess impairment on an annual basis with updating provisions made during the intervals as necessary based on the continuing analysis and monitoring of individual accounts by credit officers.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

ai. Use of significant accounting judgment and estimates (continued)

Allowance for impairment losses on loans and Sharia financing/receivables (continued)

In determining whether an impairment loss should be recorded in the consolidated statements of comprehensive income, BRI assesses for any observable data indicating the existence of measurable decrease in the estimated future cash flows from loan portfolio before the decrease is individually identified in the portfolio.

This evidence may include observable data indicating that there has been an adverse change in the payment status of group borrowers, or national or local economic conditions that correlate with breach on assets in group. BRI uses estimates in the amount and timing of future cash flows when determining the level of allowance for losses required. Such estimates are based on assumptions of several factors and actual results may differ, resulting to future changes in the amount of allowance for losses.

Impairment of securities

BRI determines that securities are impaired based on the same criteria as financial assets carried at amortized cost.

Useful life of premises and equipment

The management of BRI estimates the useful lives of premises and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of premises and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of premises and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in the aforementioned factors mentioned. The amounts and timing of recorded expenses for any period are affected by changes of those factors and circumstances during recording. A reduction in the estimated useful lives of premises and equipment increases the recorded operating expenses

Impairment of non-financial assets

BRI assesses impairment of non-financial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that BRI considers important which may lead to impairment assessment are the following:

- a) significant underperformance relative towards expected historical or projected future operating results;
- b) significant changes in the manner of use of the acquired assets or the overall business strategy; and
- c) significant negative industry or economic trends.

The management of BRI recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher amount between fair value less cost to sell using use of asset value (or cash generating unit). Recoverable amounts are estimated for individual assets or, if not possible, for the cash-generating unit to which the asset belongs.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

ai. Use of significant accounting judgment and estimates (continued)

Recognition of deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that the taxable income can be compensated against the losses. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable income together with tax planning strategies.

BRI reviews its deferred tax assets at each date of the statements of financial position reporting and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable income will be available to compensate part or all of the deferred tax assets.

Present value of retirement liability

The cost of defined retirement pension plan and other post employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and disability rate. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

aj. Allowances for impairment losses on non-earning assets and commitments and contingencies

In accordance with Circular Letter of Bank Indonesia (BI) No. 13/658/DPNP/DPnP dated December 23, 2011, BRI is no longer required to provide allowance for impairment losses on non-earning assets and administrative accounts (commitments and contingencies), but the management is required to continue calculating the allowance for impairment losses in accordance with the applicable accounting standards.

Prior to the issuance of Circular Letter by BI, BRI assessed the allowance for impairment losses on non-earning assets and administrative accounts with credit risk based on Bank Indonesia Regulation No. 7/2/PBI/2005 dated January 20, 2005 and in accordance with Circular Letter of Bank Indonesia No. 12/516/DPNP/IDPnP dated September 21, 2010.

The above changes in the determination of allowance for impairment losses represent changes in accounting policy which should generally be applied retrospectively requiring restatements of prior years' comprehensive income. However, as the impact of the change in relation to prior years' results is not material, no restatement was made and the impact of the change is charged to the consolidated statements of comprehensive income in 2011.

For non-earning assets, the management of BRI determines the impairment losses at the lower amount between the carrying value and fair value after deducting cost to sell.

For commitments and contingencies with credit risk, BRI management determines the impairment losses based on the difference between the carrying amount and the present value of the payment obligations that are expected to occur (when payment under the guarantee has become probable).

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

ak. Changes in accounting policies and disclosures

BRI also adopted the following revised accounting standards on January 1, 2012, which are considered relevant to the BRI's consolidated financial statements but did not have significant impact, except for the related disclosures:

- a) SFAS No. 16 (2011), "Property, Plant and Equipment", the accounting treatment for property, plant and equipment so that users of the financial statements can discern information about an entity's investment in its property, plant and equipment and the changes in such investment. The principal issues in accounting for property, plant and equipment are the recognition of the assets, the determination of their carrying amounts and the depreciation charges and impairment losses to be recognized in relation to them.
- b) SFAS No. 18 (Revised 2010), "Accounting and Reporting by Retirement Benefit Plans", establishes the accounting and reporting by the plan to all participants as a group. This Standard complements SFAS No. 24 (Revised 2010), "Employee Benefits".
- c) SFAS No. 46 (Revised 2010), "Accounting for Income Taxes", prescribes the accounting treatment for income taxes to account for the current and future tax consequences of the future recovery (settlement) of the carrying amount of assets (liabilities) that are recognized in the statement of financial position; and transactions and other events of the current period that are recognized in the financial statements.
- d) SFAS No. 53 (Revised 2010), "Share-based Payment", specifies the financial reporting by an entity when it undertakes a share-based payment transaction.
- e) SFAS No. 56 (Revised 2011), "Earnings per Share", prescribed principles for the determination and presentation of earnings per share, so as to improve performance comparisons between different entities in the same period and between different reporting periods for the same entity.
- f) SFAS No. 110, "Accounting for *Sukuk*", prescribed recognition, measurement, presentation and disclosure of *Sukuk Ijarah* and *Mudharabah* transaction.
- g) IFAS No. 15, "SFAS No. 24 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction", provides guidance on how to assess the limit on the amount of surplus in a defined scheme that can be recognized as an asset under SFAS No. 24 (Revised 2010), "Employee Benefits".
- h) IFAS No. 20, "Income Taxes-Changes in the Tax Status of an Entity or its Shareholders", prescribes how an entity should account for the current and deferred tax consequences of a change in tax status of entities or its shareholders.
- i) IFAS No. 26, "Reassessment of Embedded Derivatives", provides guidance on term and condition which have to fulfill for the reassessment of embedded derivative.

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3. IMPLEMENTATION OF QUASI-REORGANIZATION

As an impact of the economic conditions, BRI incurred significant losses in 1999 which amounted to Rp28,221,364. After BRI's recapitalization in July 2000 and October 2000, the allowance for possible losses on earning assets of BRI has been reduced significantly when the non-performing earning assets were transferred to the Indonesian Bank Restructuring Agency (BPPN). BRI's accumulated losses amounted to Rp24,699,387 in its statements of financial position as of June 30, 2003.

In order to have a fresh start of the statements of financial position showing the current values with no deficit, BRI implemented quasi-reorganization on June 30, 2003 (Note 2d).

The management of BRI has prepared projected financial statements showing strong profitability and sound Capital Adequacy Ratio (CAR) based on the primary strength of BRI as one of the major banks in Indonesia which focuses on micro-finance, consumer financing, small and middle businesses (UKM) and agribusiness sectors.

4. CURRENT ACCOUNTS WITH BANK INDONESIA

Current accounts with Bank Indonesia consist of:

	2012	2011	2010
Rupiah	37,334,059	28,833,011	19,570,892
United States Dollar	5,190,067	4,207,407	418,791
	42,524,126	33,040,418	19,989,683

As of December 31, 2012, 2011 and 2010, current accounts with Bank Indonesia based on Sharia banking principles amounted to Rp528,298, Rp455,064 and Rp254,882, respectively.

Current accounts with Bank Indonesia are maintained to comply with Bank Indonesia's Minimum Legal Reserve Requirements (GWM).

As of December 31, 2012, 2011 and 2010, the GWM ratios of BRI (Parent Entity) (unaudited) are as follows:

	2012	2011	2010
Primary GWM - Rupiah	10.64%	9.33%	8.05%
Secondary GWM - Rupiah	4.94	4.71	3.38
Primary GWM - Foreign Currency	8.17	8.01	1.00

The calculation of the GWM ratios as of December 31, 2012 and 2011 is based on Bank Indonesia's regulation (PBI) No. 13/10/PBI/2011 dated February 9, 2011, regarding "Changes on PBI No. 12/19/PBI/2010 dated October 4, 2010 on GWM of Commercial Banks with Bank Indonesia in Rupiah and Foreign Currencies".

Starting March 1, 2011 up to May 31, 2011, GWM in foreign currency is required to be 5% of the total third party funds in foreign currencies and starting June 1, 2011, GWM in foreign currency is required to be 8% of total third party funds in foreign currencies.

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4. CURRENT ACCOUNTS WITH BANK INDONESIA (continued)

As of December 31, 2012, 2011 and 2010, based on the above Bank Indonesia regulations, BRI is required to maintain minimum primary reserves in Rupiah of 8%, respectively, and in United States Dollar of 8% in December 31 2012 and 2011, and 1% in December 31, 2010. BRI is also required to maintain secondary reserves in Rupiah of 2.5% as of December 31, 2012, 2011 and 2010.

BRI has complied with Bank Indonesia's regulation regarding the minimum legal reserve requirement as of December 31, 2012, 2011 and 2010.

5. CURRENT ACCOUNTS WITH OTHER BANKS

a) By Currency:

	2012	2011	2010
<u>Third parties</u>			
<u>Rupiah</u>	96,268	66,675	80,115
<u>Foreign currencies</u>			
United States Dollar	2,258,765	3,578,299	3,359,387
China Yuan	896,712	-	-
European Euro	562,125	587,150	1,135,293
Great Britain Pound Sterling	240,673	200,708	152,852
Australian Dollar	191,181	102,502	54,188
Hong Kong Dollar	165,526	153,426	113,133
Singapore Dollar	110,017	162,921	102,781
Saudi Arabian Riyal	108,581	141,816	143,956
Japanese Yen	96,244	87,686	304,615
Arab Emirates Dirham	47,592	73,146	153,508
Swiss Franc	27,741	10,121	13,727
Others	30,416	338,755	9,212
	<u>4,735,573</u>	<u>5,436,530</u>	<u>5,542,652</u>
<u>Related parties (Note 43)</u>			
<u>Rupiah</u>	1,627	4,492	971
<u>Foreign currencies</u>			
Hong Kong Dollar	8,028	25,502	33,406
United States Dollar	650	26	972
	<u>8,678</u>	<u>25,528</u>	<u>34,378</u>
Total	4,842,146	5,533,225	5,658,116
Less: Allowance for impairment losses	(171)	(61)	(63)
	<u>4,841,975</u>	<u>5,533,164</u>	<u>5,658,053</u>

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5. CURRENT ACCOUNTS WITH OTHER BANKS (continued)

b) By Bank:

	2012	2011	2010
<u>Third parties</u>			
<u>Rupiah</u>			
PT Bank Central Asia Tbk	94,698	62,744	77,710
PT Bank Pembangunan Daerah Kalimantan Timur	1	1,476	3
Others	1,569	2,455	2,402
	96,268	66,675	80,115
<u>Foreign currencies</u>			
JP Morgan Chase Bank, N.A.	1,177,222	1,908,780	1,462,694
Standard Chartered Bank	697,117	1,177,572	1,565,042
The Royal Bank of Scotland	624,816	359,690	586,765
Bank of China	477,420	-	-
Industrial and Commercial Bank of China (Indonesia) Co. Ltd	419,292	320,515	-
The Hong Kong and Shanghai Banking Corporation Ltd	388,774	587,634	693,920
ING Belgium N.V. Brussels	208,668	182,308	441,875
ANZ Banking Group Ltd	169,783	102,502	54,188
Commerzbank, A.G.	121,539	294,720	347,932
Al Rajhi Bank	108,581	133,407	124,262
Oversea-Chinese Banking Corporation Ltd	74,630	158,931	95,756
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	52,292	21,310	125,124
Federal Reserve Bank of New York	46,011	117,322	2,752
Citibank, N.A.	45,833	911	907
The Bank of New York Mellon	28,851	13,928	14,247
Others	94,744	57,000	27,188
	4,735,573	5,436,530	5,542,652
<u>Related parties (Note 43)</u>			
<u>Rupiah</u>			
PT Bank Mandiri (Persero) Tbk	1,170	3,980	406
PT Bank Negara Indonesia (Persero) Tbk	447	502	565
PT Bank Bukopin Tbk	10	10	-
	1,627	4,492	971
<u>Foreign currencies</u>			
PT Bank Negara Indonesia (Persero) Tbk	8,028	25,502	33,406
PT Bank Mandiri (Persero) Tbk	650	26	972
	8,678	25,528	34,378
Total	4,842,146	5,533,225	5,658,116
Less: Allowance for impairment losses	(171)	(61)	(63)
	4,841,975	5,533,164	5,658,053

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5. CURRENT ACCOUNTS WITH OTHER BANKS BANKS (continued)

c) By Collectibility:

BRI assessed current accounts with other banks individually for impairment based on whether an objective evidence of impairment exists, except for current accounts with other banks based on Sharia principles whereby assessment is made using Bank Indonesia's guidelines on collectibility.

Current accounts with other banks as of December 31, 2012, 2011 and 2010 were classified as "Current".

d) Range of annual interest rates on current accounts with other banks:

	2012	2011	2010
Rupiah	0.00 - 4.75%	0.00 - 4.75%	0.00 - 4.75%
United States Dollar	0.00 - 0.20	0.01 - 0.32	0.00 - 0.34

e) Movements in the allowance for impairment losses on current accounts with other banks:

	2012	2011	2010
<u>Rupiah</u>			
Beginning balance *)	61	179	547
Adjustment on the beginning balance due to the implementation of SFAS No. 55 (Revised 2006) (Note 39)	-	-	(546)
Provision (reversal) during the year (Note 32)	110	(118)	62
Ending balance	<u>171</u>	<u>61</u>	<u>63</u>
<u>Foreign currencies</u>			
Beginning balance	-	-	90,264
Adjustment on the beginning balance due to the implementation of SFAS No. 55 (Revised 2006) (Note 39)	-	-	(90,264)
Ending balance	<u>-</u>	<u>-</u>	<u>-</u>
	<u>171</u>	<u>61</u>	<u>63</u>

*) The beginning balance in 2011 represents additional balance of BRI Agro (Subsidiary) amounted to Rp116.

The minimum allowance for impairment losses on current accounts with other banks provided based on Bank Indonesia regulations amounted to Rp171, Rp61 and Rp63 as of December 31, 2012, 2011 and 2010, respectively.

Management believes that the allowance for impairment losses on current accounts with other banks is adequate.

Information with respect to classification of not impaired and impaired financial assets is disclosed in Note 37.

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6. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS

a) By Currency and Type:

	2012	2011	2010
<u>Third parties</u>			
<u>Rupiah</u>			
Bank Indonesia			
Term Deposit	43,702,732	27,492,087	18,367,802
Deposit Facility	14,929,280	41,665,793	49,784,790
Sharia Deposit Facility	1,101,000	567,000	403,500
	59,733,012	69,724,880	68,556,092
Inter-bank call money			
PT Bank Mega Tbk	300,000	-	225,000
PT Bank Danamon Indonesia Tbk	250,000	-	-
PT Bank Pan Indonesia Tbk	150,000	-	235,000
PT Bank Pembangunan Daerah Jawa Barat dan Banten, Tbk	50,000	-	-
PT Bank DBS Indonesia	45,000	-	-
Citibank, N.A.	45,000	-	-
PT Bank Pembangunan Daerah Jawa Tengah	40,000	-	-
PT Bank UOB Indonesia	40,000	-	-
Unit Usaha Syariah Bank Danamon	-	30,000	25,000
PT Bank DKI	-	-	45,000
PT Bank Tabungan Pensiunan Nasional Tbk	-	-	35,000
PT Bank Commonwealth	-	-	30,000
PT Bank Rabobank International Indonesia	-	-	30,000
PT Bank Mayapada Internasional Tbk	-	-	25,000
PT Bank Sinarmas Tbk	-	-	25,000
PT Bank Himpunan Saudara 1906 Tbk	-	-	20,000
	920,000	30,000	695,000
	60,653,012	69,754,880	69,251,092
<u>United States Dollar</u>			
Bank Indonesia - Term Deposit	963,552	-	-
	963,552	-	-
Inter-bank call money			
First Union, NY	1,441,770	398,063	2,088,518
The Bank of New York Mellon	1,338,649	120,598	3,257,115
Citibank, N.A.	830,753	1,016,104	1,144,270
Bank of America, N.A.	284,885	527,275	2,136,631
US Bank	265	-	-
The Royal Bank of Scotland	-	581,104	1,114,332
Toronto Dominion Bank, N.A.	-	-	2,675,767
	3,896,322	2,643,144	12,416,633
Time deposit			
Standard Chartered Bank	9,637	-	-
Toronto Dominion Bank, N.A.	-	22,669	13,515
	9,637	22,669	13,515

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6. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS (continued)

a) By Currency and Type (continued):

	2012	2011	2010
<u>Third parties (continued)</u>			
<u>United States Dollar (continued)</u>			
Deposits on call			
The Industrial and Commercial Bank of China Ltd	-	86,549	-
Standard Chartered Bank	-	-	991,100
	-	86,549	991,100
	4,869,511	2,752,362	13,421,248
	65,522,523	72,507,242	82,672,340
<u>Related parties (Note 43)</u>			
<u>Rupiah</u>			
Inter-bank call money			
PT BTMU-BRI Finance	285,000	165,000	215,000
PT Bank Bukopin Tbk	150,000	-	230,000
PT Bank Negara Indonesia (Persero) Tbk	-	448,000	-
PT Perusahaan Pengelola Aset	-	250,000	-
PT BNI Sekuritas	-	20,000	10,000
Lembaga Pembiayaan Ekspor Indonesia	-	-	100,000
	435,000	883,000	555,000
<u>United States Dollar</u>			
Inter-bank call money			
PT Bank Negara Indonesia (Persero) Tbk	285,405	206,414	45,050
Total	66,242,928	73,596,656	83,272,390
Less: Allowance for impairment losses	-	(300)	(250)
	66,242,928	73,596,356	83,272,140

b) By Time Period:

The classifications of placements based on their remaining period to maturity are as follows:

	2012	2011	2010
<u>Third parties</u>			
<u>Rupiah</u>			
≤ 1 month	26,030,740	53,727,722	61,340,442
> 1 months - 3 months	21,131,764	12,391,514	7,910,650
> 3 months - 1 year	13,490,508	3,635,644	-
	60,653,012	69,754,880	69,251,092

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6. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS (continued)

b) By Time Period (continued):

The classifications of placements based on their remaining period to maturity are as follows (continued):

	2012	2011	2010
<u>Third parties (continued)</u>			
<u>United States Dollar</u>			
≤ 1 month	3,896,322	2,743,294	12,416,633
> 1 months - 3 months	491,459	-	991,100
> 3 months - 1 year	481,730	9,068	13,515
	<u>4,869,511</u>	<u>2,752,362</u>	<u>13,421,248</u>
	<u>65,522,523</u>	<u>72,507,242</u>	<u>82,672,340</u>
<u>Related parties (Note 43)</u>			
<u>Rupiah</u>			
≤ 1 month	180,000	728,000	400,000
> 1 months - 3 months	60,000	-	-
> 3 months - 1 year	195,000	155,000	155,000
	<u>435,000</u>	<u>883,000</u>	<u>555,000</u>
<u>United States Dollar</u>			
≤ 1 month	285,405	206,414	-
> 3 months - 1 year	-	-	45,050
Total	<u>66,242,928</u>	<u>73,596,656</u>	<u>83,272,390</u>
Less: Allowance for impairment losses	-	(300)	(250)
	<u>66,242,928</u>	<u>73,596,356</u>	<u>83,272,140</u>

c) By Collectibility:

BRI assessed placements with Bank Indonesia and other banks individually for impairment based on whether an objective evidence of impairment exists, except for the placements with Bank Indonesia and other banks based on Sharia principles whereby assessment is made using Bank Indonesia's guidelines on collectibility.

Placements with Bank Indonesia and other banks as of December 31, 2012, 2011, and 2010 were classified as "Current".

d) Range of annual interest rates for placements with Bank Indonesia and other banks are as follows:

	2012	2011	2010
<u>Rupiah</u>			
Deposit Facility	3.75 - 4.50%	4.50 - 5.75%	5.50 - 6.00%
Term Deposit	3.76 - 4.68	4.53 - 7.25	5.50 - 6.40
Inter-bank call money	3.76 - 7.50	4.55 - 6.70	6.00 - 7.75
<u>United States Dollar</u>			
Term Deposit	0.12 - 0.19	-	-
Inter-bank call money	0.12 - 0.95	0.13 - 1.05	0.11 - 0.35
Time Deposit	0.40 - 0.66	0.34 - 1.06	0.63 - 2.08

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6. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS (continued)

- e) Movements in the allowance for impairment losses on placements with Bank Indonesia and other banks:

	2012	2011	2010
<u>Rupiah</u>			
Beginning balance	300	250	3,442
Adjustment on the beginning balance due to the implementation of SFAS No. 55 (Revised 2006) (Note 39)	-	-	(3,442)
Provision (reversal) during the year (Note 32)	(300)	50	250
Ending balance	-	300	250
<u>United States Dollar</u>			
Beginning balance	-	-	132,791
Adjustment on the beginning balance due to the implementation of SFAS No. 55 (Revised 2006) (Note 39)	-	-	(132,791)
Ending balance	-	-	-
	-	300	250

The minimum allowance for impairment losses on placements with Bank Indonesia and other banks provided based on Bank Indonesia regulations amounted to RpNil, Rp300 and Rp250 as of December 31, 2012, 2011 and 2010, respectively.

Management believes that the allowance for impairment losses on placements with Bank Indonesia and other banks is adequate.

Information with respect to classification of not impaired and impaired financial assets is disclosed in Note 37.

7. SECURITIES

- a) By Purpose, Currency and Type:

	2012	2011	2010
<u>Fair value through profit or loss</u>			
<u>Third parties</u>			
<u>Rupiah</u>			
Mutual funds	10,998	10,479	9,562
Certificates of Bank Indonesia	-	-	193,582
	10,998	10,479	203,144
<u>United States Dollar</u>			
Credit Linked Notes	530,063	498,713	-

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7. SECURITIES (continued)

a) By Purpose, Currency and Type (continued):

	2012	2011	2010
<u>Fair value through profit or loss</u>			
<u>(continued)</u>			
<u>Related parties (Note 43)</u>			
<u>Rupiah</u>			
Government bonds	71,925	53,933	-
	612,986	563,125	203,144
<u>Available for sale</u>			
<u>Third parties</u>			
<u>Rupiah</u>			
Certificates of Bank Indonesia Bonds	4,043,563	8,589,317	8,440,168
	-	2,588	-
	4,043,563	8,591,905	8,440,168
<u>United States Dollar</u>			
U.S Treasury Bonds	389,508	243,032	212,474
Bonds	141,590	91,868	-
Medium term notes	48,470	46,022	44,589
	579,568	380,922	257,063
<u>Related parties (Note 43)</u>			
<u>Rupiah</u>			
Government bonds	6,424,673	4,107,050	2,365,535
Bonds	202,509	197,102	195,883
	6,627,182	4,304,152	2,561,418
<u>United States Dollar</u>			
Government bonds	2,304,412	2,139,051	1,813,646
Bonds	18,549	-	-
	2,322,961	2,139,051	1,813,646
	13,573,274	15,416,030	13,072,295
<u>Held to maturity</u>			
<u>Third parties</u>			
<u>Rupiah</u>			
Certificates of Bank Indonesia Bonds	12,513,201	5,367,445	997,663
	603,000	1,067,799	924,271
Bank Indonesia Sharia Certificates (SBIS)	575,000	400,000	200,000
Subordinated bonds	89,873	89,857	89,843
	13,781,074	6,925,101	2,211,777
<u>United States Dollar</u>			
Credit linked notes	3,167,984	3,096,995	3,175,431
Notes receivable	115,650	109,164	397,642
Medium term notes	-	181,350	180,200
	3,283,634	3,387,509	3,753,273

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
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7. SECURITIES (continued)

a) By Purpose, Currency and Type (continued):

	2012	2011	2010
<u>Held to maturity (continued)</u>			
<u>Related parties (Note 43)</u>			
<u>Rupiah</u>			
Government bonds	8,749,563	6,537,056	2,736,279
Bonds	753,716	691,337	287,228
Medium term notes	100,000	130,000	120,000
	9,603,279	7,358,393	3,143,507
<u>United States Dollar</u>			
Government bonds	283,393	268,868	132,177
	26,951,380	17,939,871	9,240,734
Total	41,137,640	33,919,026	22,516,173
Less: Allowance for impairment losses	(760)	(1,510)	(1,510)
	41,136,880	33,917,516	22,514,663

b) By Collectibility:

BRI assessed securities individually for impairment based on whether an objective evidence of impairment exists, except for securities of Subsidiaries (based on Sharia principles) whereby assessment is made using Bank Indonesia's guideline on collectibility.

Securities were classified as "Current" as of December 31, 2012, 2011 and 2010.

c) By Remaining Period to Maturity:

The classifications of securities based on their remaining period to maturity are as follows:

	2012	2011	2010
<u>Third parties</u>			
<u>Rupiah</u>			
≤ 1 month	4,554,059	10,000,168	9,840,975
> 1 month - 3 months	1,650,919	989,485	-
> 3 months - 1 year	11,067,784	4,094,974	-
> 1 year	562,873	442,858	1,014,114
	17,835,635	15,527,485	10,855,089
<u>United States Dollar</u>			
≤ 1 month	579,569	381,276	294,305
> 3 months - 1 year	300,738	-	360,400
> 1 year	3,512,958	3,885,868	3,355,631
	4,393,265	4,267,144	4,010,336
	22,228,900	19,794,629	14,865,425

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7. SECURITIES (continued)

c) By Remaining Period to Maturity (continued):

The classifications of securities based on their remaining period to maturity are as follows (continued):

	2012	2011	2010
<u>Related parties (Note 43)</u>			
<u>Rupiah</u>			
≤ 1 month	6,542,974	4,347,610	2,586,418
> 1 month - 3 months	26,822	10,475	-
> 3 months - 1 year	435,029	75,000	214,778
> 1 year	9,297,561	7,283,393	2,903,729
	<u>16,302,386</u>	<u>11,716,478</u>	<u>5,704,925</u>
<u>United States Dollar</u>			
≤ 1 month	2,274,773	2,139,051	1,813,646
> 1 year	331,581	268,868	132,177
	<u>2,606,354</u>	<u>2,407,919</u>	<u>1,945,823</u>
	<u>18,908,740</u>	<u>14,124,397</u>	<u>7,650,748</u>
Total	41,137,640	33,919,026	22,516,173
Less: Allowance for impairment losses	(760)	(1,510)	(1,510)
	<u>41,136,880</u>	<u>33,917,516</u>	<u>22,514,663</u>

d) By Type and Issuer:

d.1. Government Bonds

Government bonds represent bonds issued by the Government of a country in connection with the management of Government debentures portfolio such as Government Debentures (SUN), Government Treasury Bills (SPN) and Government bonds issued in foreign currencies which are obtained from the primary and secondary markets including U.S Treasury Bonds. The details of Government bonds are as follows:

Series	Annual Interest Rate (%)	Maturity Date	Fair Value/Carrying Value		
			2012	2011	2010
<u>Fair value through profit or loss</u>					
<u>Rupiah</u>					
FR0058	8.25	June 15, 2032	-	22,300	-
FR0059	9.50	May 15, 2027	-	20,950	-
FR0061	7.00	May 15, 2022	-	10,683	-
FR0062	6.38	April 15, 2042	30,033	-	-
FR0064	6.13	May 15, 2028	20,750	-	-
FR0065	6.63	May 15, 2033	21,142	-	-
			<u>71,925</u>	<u>53,933</u>	<u>-</u>

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7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.1. Government Bonds (continued)

Series	Annual Interest Rate (%)	Maturity Date	Fair Value/Carrying Value		
			2012	2011	2010
Available for sale					
<u>Rupiah</u>					
FR0027	9.50	June 15, 2015	263,095	267,151	259,107
FR0028	10.00	July 15, 2017	120,834	121,058	114,114
FR0031	11.00	November 15, 2020	68,796	66,625	61,558
FR0040	11.00	September 15, 2025	530,673	502,155	425,862
FR0042	10.25	July 15, 2027	275,402	255,526	214,022
FR0045	9.75	May 15, 2037	14,000	25,200	-
FR0046	9.50	July 15, 2023	-	12,300	-
FR0047	10.00	February 15, 2028	234,538	227,695	62,281
FR0050	10.50	July 15, 2038	37,676	-	-
FR0052	10.50	August 15, 2030	446,934	421,448	325,182
FR0053	8.25	July 15, 2021	409,920	393,321	206,241
FR0054	9.50	July 15, 2031	187,189	196,551	61,559
FR0055	7.38	September 15, 2016	238,276	236,523	80,520
FR0056	8.38	September 15, 2026	209,620	208,816	39,526
FR0057	9.50	May 15, 2041	69,583	62,442	-
FR0058	8.25	June 15, 2032	524,274	204,243	-
FR0059	7.00	May 15, 2027	521,784	317,836	-
FR0060	6.25	April 15, 2017	492,300	31,105	-
FR0061	7.00	May 15, 2022	547,178	160,250	-
FR0062	6.38	April 15, 2042	409,964	-	-
FR0063	5.63	May 15, 2023	209,652	-	-
FR0064	6.13	May 15, 2028	206,672	-	-
FR0065	6.63	May 15, 2033	216,126	-	-
ORI003	9.40	September 12, 2011	-	-	115,880
ORI004	9.50	March 12, 2012	-	135,988	125,835
ORI005	11.45	September 15, 2013	15,263	15,113	12,911
ORI006	9.35	August 15, 2012	-	14,717	9,424
ORI007	7.95	August 15, 2013	68,571	65,556	55,013
ORI008	7.30	October 15, 2014	9,618	2,671	-
ORI009	6.25	October 15, 2015	10,156	-	-
SR001	12.00	February 25, 2012	-	1,965	902
SR002	8.70	February 10, 2013	-	14,526	6,592
SR003	8.15	February 23, 2014	-	12,618	-
IFR0004	9.00	October 15, 2013	-	53,420	52,365
IFR0006	10.25	March 15, 2030	-	51,525	52,252
ZC0005	-	February 20, 2013	29,710	28,706	26,201
SPN	various	various	56,869	-	58,188
			6,424,673	4,107,050	2,365,535
<u>United States Dollar</u>					
RI0014	6.75	March 10, 2014	688,842	687,033	681,160
RI0014	10.38	May 4, 2014	32,418	31,762	33,585
RI0015	7.25	April 20, 2015	206,459	194,472	177,294
RI0016	7.50	January 15, 2016	67,583	63,246	63,120
RI0017	6.88	March 9, 2017	436,723	397,973	395,928
RI0018	6.88	January 17, 2018	129,335	117,447	114,968
RI0020	5.88	March 13, 2020	139,358	122,955	118,391
RI0021	4.88	May 5, 2021	253,321	222,974	-
RI0035	8.50	October 12, 2035	46,405	39,308	35,417
RI0037	6.63	February 17, 2037	167,885	142,949	127,965
RI0038	7.75	January 17, 2038	87,894	73,719	65,818
U.S Treasury Bonds	2.63	November 15, 2020	389,508	243,032	212,474
Indois18	4.00	November 21, 2018	48,189	45,213	-
			2,693,920	2,382,083	2,026,120
			9,118,593	6,489,133	4,391,655

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7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.1. Government Bonds (continued)

Series	Annual Interest Rate (%)	Maturity Date	Fair Value/Carrying Value		
			2012	2011	2010
Held to maturity					
<u>Rupiah</u>					
FR0026	11.00	October 15, 2014	158,613	160,379	161,983
FR0028	10.00	July 15, 2017	304,636	307,217	121,019
FR0030	10.75	May 15, 2016	33,912	34,099	34,871
FR0039	11.75	August 15, 2023	52,804	53,250	-
FR0040	11.00	September 15, 2025	57,451	57,750	58,024
FR0042	10.25	July 15, 2027	169,863	169,959	146,852
FR0043	10.25	July 15, 2022	522,622	521,725	520,920
FR0044	10.00	September 15, 2024	76,426	76,741	-
FR0045	9.75	May 15, 2037	224,016	223,882	223,762
FR0046	9.50	July 15, 2023	181,757	181,362	159,026
FR0047	10.00	February 15, 2028	381,973	382,607	108,369
FR0048	9.00	September 15, 2018	107,074	106,624	106,215
FR0049	9.00	September 15, 2013	90,453	90,263	90,089
FR0050	10.50	July 15, 2038	68,527	68,517	68,508
FR0052	10.50	August 15, 2030	296,747	296,687	296,634
FR0053	8.25	July 15, 2021	590,002	604,184	40,606
FR0054	9.50	July 15, 2031	352,469	351,982	-
FR0055	7.38	September 15, 2016	655,829	655,325	102,508
FR0056	8.38	September 15, 2026	797,056	795,572	190,711
FR0058	8.25	June 15, 2032	551,636	168,678	-
FR0059	7.00	May 15, 2027	259,829	201,205	-
FR0060	6.25	April 15, 2017	323,810	72,132	-
FR0061	7.00	May 15, 2022	430,932	201,983	-
FR0062	6.38	April 15, 2042	66,603	-	-
FR0063	5.63	May 15, 2023	57,551	-	-
FR0064	6.13	May 15, 2028	24,323	-	-
FR0065	6.63	May 15, 2033	100,299	-	-
IFR0003	9.25	September 15, 2015	114,544	115,679	116,760
IFR0004	9.00	October 15, 2013	49,877	-	-
IFR0005	9.00	January 15, 2017	310,661	314,119	-
IFR0006	10.25	March 15, 2030	47,914	-	-
IFR0007	10.25	January 15, 2025	311,073	312,241	49,644
IFR0010	10.00	February 15, 2036	82,631	12,894	-
PBS0001	4.45	February 15, 2018	144,973	-	-
PBS0002	5.45	January 15, 2022	241,958	-	-
PBS0003	6.00	January 15, 2027	243,048	-	-
PBS0004	6.10	February 15, 2037	94,710	-	-
SR002	8.70	February 10, 2013	26,822	-	-
SR003	8.15	February 23, 2014	18,131	-	-
SR004	6.25	September 21, 2015	5,309	-	-
SPN	various	various	120,699	-	139,778
			8,749,563	6,537,056	2,736,279
<u>United States Dollar</u>					
RI0015	7.25	April 20, 2015	31,337	30,419	-
RI0018	6.88	January 17, 2018	19,209	17,279	7,527
RI0020	5.88	March 13, 2020	72,266	68,501	-
RI0021	4.88	May 5, 2021	27,202	27,203	-
RI0037	6.63	February 17, 2037	133,379	125,466	124,650
			283,393	268,868	132,177
			9,032,956	6,805,924	2,868,456

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7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.1. Government Bonds (continued)

The market values of Government bonds classified as fair value through profit or loss and available for sale ranged from 94,78% to 150,71%, from 95.69% to 144.50% and from 75.33% to 113.96% as of December 31, 2012, 2011 and 2010, respectively.

d.2. Bonds

Issuer	Annual Interest Rate (%)	Maturity Date	Rating *)			Fair Value/Carrying Value		
			2012	2011	2010	2012	2011	2010
Available for sale								
<u>Third parties</u>								
<u>Rupiah</u>								
Thames PAM Jaya	12.50	March 13, 2013	-	idA-	-	-	2,588	-
							2,588	-
<u>United States Dollar</u>								
PT Medco Energi Internasional Tbk								
Tahap I 2011	6.05	July 14, 2016	idAA-	idAA-	-	90,912	91,868	-
Barclays Bank	5.14	October 14, 2020	A-***)	-	-	30,383	-	-
Goldman Sach	3.30	May 3, 2015	A***)	-	-	20,295	-	-
						141,590	91,868	-
<u>Related parties</u>								
<u>(Note 43)</u>								
<u>Rupiah</u>								
PT Jasa Marga (Persero) Tbk								
Series XIII R	10.25	June 21, 2017	idAA	idAA	idAA	111,497	105,362	105,005
PT Perusahaan Listrik Negara (Persero)								
Series IX A	10.40	July 10, 2017	idAA+	idAA+	idAA+	80,180	81,012	80,480
Perum Pegadaian								
Series XII B	8.00	September 4, 2017	idAA+	idAA+	idAA+	10,832	10,728	10,398
						202,509	197,102	195,883
<u>United States Dollar</u>								
PT Bank Negara Indonesia (Persero) Tbk								
	4.13	April 27, 2017	idAA	-	-	18,549	-	-
						362,648	291,558	195,883
Held to maturity								
<u>Third parties</u>								
<u>Rupiah</u>								
PT Japfa Comfeed Indonesia Tbk								
Series I 2007	12.75	July 11, 2012	-	idA	idA-	-	250,000	250,000
Series I 2012	9.90	January 12, 2017	idA	-	-	150,000	-	-
PT Bentoel Internasional Investama Tbk								
Series I	10.50	November 27, 2012	-	AAA**)	AAA**)	-	200,000	200,000
PT Bakrieland Development Tbk								
Series I B	12.85	March 11, 2013	idB	idBBB+	idBBB+	100,000	100,000	100,000
Sukuk Ijarah I B	16.00	July 7, 2012	-	idBBB+	idBBB+	-	50,000	50,000
PT Bank Danamon Indonesia Tbk								
Series I B	10.60	April 19, 2012	-	idAA+	idAA+	-	49,880	49,513
Series II A	8.75	December 9, 2013	idAA+	idAA+	idAA+	20,000	20,000	20,000
Series II B	9.00	December 9, 2015	idAA+	idAA+	idAA+	30,000	30,000	30,000
PT Bank Pan Indonesia Tbk								
Series II B	10.75	June 19, 2012	-	idAA	idAA	-	49,919	49,758
PT Mitra Adiperkasa Tbk								
Series I A	12.25	December 16, 2012	-	idA+	idA+	-	50,000	50,000
Sukuk Ijarah I A	12.25	December 16, 2012	-	idA+	idA+	-	25,000	25,000
PT Salim Invomas Pratama								
Sukuk Ijarah I	11.65	December 1, 2014	idAA	idAA	idAA-	25,000	25,000	25,000

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7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.2. Bonds (continued)

Issuer	Annual Interest Rate (%)	Maturity Date	Rating *)			Fair Value/Carrying Value		
			2012	2011	2010	2012	2011	2010
Held to maturity								
(continued)								
<u>Third parties</u>								
<u>(continued)</u>								
<u>Rupiah (continued)</u>								
PT Medco Energi Internasional Tbk Series II A	13.38	June 17, 2012	-	idAA-	idAA-	-	20,000	20,000
PT Ciliandra Perkasa Series II	11.50	November 27, 2012	-	idA+	idA+	-	20,000	20,000
PT Malindo Feedmill Tbk Series I	11.80	March 6, 2013	idAAA	idAAA	idAA+	10,000	10,000	10,000
PT BW Plantation Tbk Series I	10.68	November 16, 2015	idA-	idA	idA	25,000	25,000	25,000
PT Astra Sedaya Finance Series XII C	9.70	February 25, 2014	idAA+	idAA+	-	50,000	50,000	-
PT Agung Podomoro Land Tbk Series I A	10.00	August 25, 2014	idA	idA	-	6,000	6,000	-
PT Agung Podomoro Land Tbk Series II	9.38	August 15, 2017	idA	-	-	10,000	-	-
PT BPD Sumatera Barat (Bank Nagan) Series VI	9.88	January 13, 2016	idA	idA	-	10,000	10,000	-
PT Bank CIMB Niaga Tbk Series B	8.30	December 23, 2016	idAAA	idAAA	-	30,000	30,000	-
PT Bank Sumut Series III	10.13	July 5, 2016	idA+	idA+	-	10,000	10,000	-
PT Bank Jabar Banten Tbk Series VII A	9.20	February 9, 2014	idAA-	idAA-	-	20,000	20,000	-
PT Bank DKI Series VI A	9.25	June 17, 2014	idA+	idA+	-	17,000	17,000	-
PT Bank BTPN Series I A	7.75	August 3, 2015	AA-	-	-	30,000	-	-
PT Bank BTPN Series I B	8.25	August 3, 2017	AA-	-	-	20,000	-	-
PT Bank Internasional Indonesia Tbk Series I A 2012	7.60	October 31, 2015	idAAA	-	-	25,000	-	-
PT Bank Internasional Indonesia Tbk Series I B 2012	8.00	October 31, 2017	idAAA	-	-	15,000	-	-
						603,000	1,067,799	924,271
<u>Related parties</u>								
<u>(Note 43)</u>								
<u>Rupiah</u>								
PT Bank Negara Indonesia (Persero) Tbk Series I	13.13	July 10, 2011	-	-	idAA	-	-	45,000
PT Danareksa (Persero) Series III B	13.00	June 20, 2011	-	-	idA	-	-	10,000
PT Danareksa (Persero) Series III C	13.50	June 20, 2013	idA	idA	idA	5,000	5,000	5,000
Lembaga Pembiayaan Ekspor Indonesia Series IV B	11.63	June 18, 2012	-	idAAA	idAAA	-	25,000	25,000
Lembaga Pembiayaan Ekspor Indonesia Series I B	8.85	July 8, 2013	idAAA	idAAA	idAAA	29,000	29,000	29,000
Lembaga Pembiayaan Ekspor Indonesia Series I C	9.60	July 8, 2015	idAAA	idAAA	idAAA	20,000	20,000	20,000
Lembaga Pembiayaan Ekspor Indonesia Series A	7.00	December 20, 2014	idAAA	idAAA	-	37,000	37,000	-
Lembaga Pembiayaan Ekspor Indonesia Series B	7.75	December 20, 2016	idAAA	idAAA	-	38,000	38,000	-
Lembaga Pembiayaan Ekspor Indonesia Series I A 2012	6.25	December 7, 2013	idAAA	-	-	25,000	-	-
Lembaga Pembiayaan Ekspor Indonesia Series I B 2012	6.50	November 27, 2015	idAAA	-	-	25,000	-	-
PT Sarana Multigriya Finansial (Persero) Series II	9.50	January 3, 2011	-	-	AA**)	-	-	25,000
PT Sarana Multigriya Finansial (Persero) Series III B	9.75	July 8, 2013	AA**)	AA**)	AA**)	20,000	20,000	20,000
PT Sarana Multigriya Finansial (Persero) Series IV B	8.80	April 5, 2013	AA**)	AA**)	-	20,000	20,000	-
PT Pupuk Kalimantan Timur Sukuk Ijarah I Series II	10.75	December 4, 2014	idAA	idAA	idAA	25,000	25,000	25,000
PT Pupuk Kalimantan Timur Sukuk Ijarah I Series II	10.75	December 4, 2014	idAA	idAA	idAA	10,000	10,000	10,000
PT Indosat Tbk Sukuk Ijarah IV A	11.25	December 8, 2014	idAA+	idAA+	idAA+	16,000	16,000	16,000
PT Bank Tabungan Negara (Persero) Tbk Series I	7.90	June 5, 2022	idAA	-	-	25,000	-	-
PT Bank Tabungan Negara (Persero) Tbk Series XIII A	11.75	May 29, 2012	-	idAA	idAA-	-	10,000	10,000
PT Bank Tabungan Negara (Persero) Tbk Series XIV	10.25	June 11, 2020	idAA	idAA	idAA-	30,000	30,000	30,000
PT Bank Tabungan Negara (Persero) Tbk Series XV	9.50	June 28, 2021	idAA	idAA	-	50,000	50,000	-
PT Bank Tabungan Negara (Persero) Tbk EBA Seri I A	13.00	March 10, 2018	idAAA	idAAA	idAAA	1,716	4,337	7,228

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7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.2. Bonds (continued)

Issuer	Annual Interest Rate (%)	Maturity Date	Rating *)			Fair Value/Carrying Value		
			2012	2011	2010	2012	2011	2010
Held to maturity (continued)								
Related parties								
(Note 43) (continued)								
Rupiah (continued)								
PT PLN (Persero)								
Sukuk Ijarah IV A	11.95	January 12, 2017	idAA+	idAA+	idAA-	10,000	10,000	10,000
Perum Pegadaian Series I A	7.50	October 11, 2014	idAA+	idAA+	-	247,000	247,000	-
PT Aneka Tambang (Persero) Tbk Series I A	8.38	December 18, 2018	idAA	idAA	-	20,000	20,000	-
Series I B	9.05	December 14, 2021	idAA	idAA	-	75,000	75,000	-
PT Waskita Karya Series II A	8.75	June 5, 2015	idA-	-	-	25,000	-	-
						753,716	691,337	287,228
						1,356,716	1,759,136	1,211,499

*) Based on ratings issued by PT Pemeringkat Efek Indonesia (Pefindo)

**) Based on ratings issued by Moody's

***) Based on ratings issued by Fitch Ratings

d.3. Mutual Funds

As of December 31, 2012, 2011 and 2010, ITB Mutual Funds - Niaga amounted to Rp10,998, Rp10,479 and Rp9,562 respectively.

d.4. Notes Receivable

Issuer	2012		
	Carrying Value	Rating*)	Maturity Date
Third Parties			
United States Dollar			
Gen Electric Cap Corp	48,188	A-	May 22, 2013
Verizon	28,912	A-	March 28, 2014
Morgan Stanley	19,275	A-	August 31, 2015
Morgan Stanley	19,275	A-	August 31, 2017
	115,650		

Issuer	2011		
	Carrying Value	Rating*)	Maturity Date
Third Parties			
United States Dollar			
Gen Electric Cap Corp	45,338	A-	May 22, 2013
Verizon	27,203	A-	March 28, 2014
Morgan Stanley	18,135	A-	August 31, 2015
Morgan Stanley	18,135	A-	August 31, 2017
U.S. Bank, N.A.	353	A-	January 3, 2012
	109,164		

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7. SECURITIES (continued)

d) By Type and Issuer (continued)

d.4. Notes Receivable (continued)

Issuer	2010		
	Carrying Value	Rating ^{*)}	Maturity Date
<u>Third Parties</u>			
<u>United States Dollar</u>			
Standard Chartered Bank	180,200	A-	December 8, 2011
UBS AG	63,070	A-	September 2, 2011
Intens Funds	45,050	A-	August 30, 2011
Natix	45,050	A-	August 12, 2011
U.S. Bank, N.A.	37,242	A-	January 3, 2011
UBS AG	27,030	A-	August 30, 2011
	397,642		

*) Based on ratings issued by Standard & Poor's

d.5. Subordinated bonds

Issuer	Annual Interest Rate (%)	Maturity Date	Rating			Fair Value/Carrying Value		
			2012	2011	2010	2012	2011	2010
<u>Held to maturity</u>								
<u>Third parties</u>								
<u>Rupiah</u>								
PT Bank OCBC NISP Series III	11.35	June 30, 2017	AA**)	AA**)	AA**)	40,000	40,000	40,000
PT Bank Pan Indonesia Tbk Series II	11.60	April 9, 2018	idAA-*)	idAA-*)	idAA-*)	49,873	49,857	49,843
						89,873	89,857	89,843

*) Based on ratings issued by PT Pemeringkat Efek Indonesia (Pefindo)

***) Based on ratings issued by Fitch Ratings

d.6. Medium Term Notes (MTN)

Issuer	Nominal Value		Annual Interest Rate (%)	Maturity Date	Fair Value/Carrying Value		
	United States Dollar	Rupiah			2012	2011	2010
<u>Available for sale</u>							
<u>Third party</u>							
<u>United States Dollar</u>							
PT Medco Energi Internasional Tbk	5,000,000	-	6.38*)	October 29, 2013	48,470	46,022	44,589
<u>Held to maturity</u>							
<u>Third party</u>							
<u>United States Dollar</u>							
PT Medco Energi International Tbk	20,000,000	-	8.00*)	December 23, 2012	-	181,350	180,200

These consolidated financial statements are originally issued in the Indonesian language.

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7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.6. Medium Term Notes (MTN) (continued)

Issuer	Nominal Value		Annual Interest Rate (%)	Maturity Date	Fair Value/Carrying Value		
	United States Dollar	Rupiah			2012	2011	2010
Held to maturity (continued)							
Related Parties (Note 43)							
Rupiah							
PT Perkebunan Nusantara III (Persero)							
Series A	-	25,000	9.10*	November 22, 2013	25,000	25,000	25,000
Series B	-	25,000	9.75*	November 22, 2015	25,000	25,000	25,000
PT Perkebunan Nusantara VII (Persero)							
Series A	-	50,000	10.40*	July 8, 2013	50,000	50,000	50,000
PT Sarana Multigriya Finansial (Persero)							
Series II	-	20,000	8.50*	December 30, 2011	-	-	20,000
Series III	-	30,000	8.20*	October 11, 2012	-	30,000	-
					100,000	130,000	120,000
					148,470	357,372	344,789

*) The interest is receive every 3 (three) months

d.7. Credit Linked Notes (CLN)

As of December 31, 2012, 2011, and 2010, the following are the balances of securities in the form of CLN:

Issuer	Effective Date	Maturity Date	Annual Interest Rate	2012	
				Nominal Value (United States Dollar) (full amount)	Carrying Value
Fair value through profit or loss					
Third parties					
United States Dollar					
Standard Chartered Bank	March 14, 2011	March 20, 2014	3.05%	25,000,000	240,938
The Royal Bank of Scotland	April 6, 2011	March 20, 2014	LIBOR**) + 2%	30,000,000	289,125
				55,000,000	530,063
Held to maturity					
Third parties					
United States Dollar					
Restructured in 2011					
Credit Suisse International	October 20, 2011	December 20, 2016	LIBOR*) + 2.95%	50,000,000	523,850
Restructured in 2009					
Standard Chartered Bank	February 11, 2009	March 20, 2014	LIBOR**) + 1.50%	90,000,000	914,480
The Hong Kong and Shanghai Banking Corporation Ltd	April 28, 2009	June 20, 2014	LIBOR**) + 1.50%	70,000,000	711,959
The Royal Bank of Scotland	January 14, 2009	March 20, 2014	LIBOR**) + 2.80%	50,000,000	510,837
The Royal Bank of Scotland	February 10, 2009	March 20, 2014	LIBOR**) + 1.10%	25,000,000	254,308
				235,000,000	2,391,584

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7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.7. Credit Linked Notes (CLN) (continued)

As of December 31, 2012, 2011, and 2010 the following are the balances of securities in the form of CLN (continued):

2012					
Issuer	Effective Date	Maturity Date	Annual Interest Rate	Nominal Value (United States Dollar) (full amount)	Carrying Value
Held to maturity (continued)					
<u>Third parties (continued)</u>					
<u>United States Dollar (continued)</u>					
<u>Restructured in 2008</u>					
The Royal Bank of Scotland	December 1, 2008	December 20, 2013	LIBOR*) + 1.00%	25,000,000	252,550
Total					3,698,047
2011					
Issuer	Effective Date	Maturity Date	Annual Interest Rate	Nominal Value (United States Dollar) (full amount)	Carrying Value
Fair value through profit or loss					
<u>Third parties</u>					
<u>United States Dollar</u>					
Standard Chartered Bank	March 14, 2011	March 20, 2014	3.05%	25,000,000	226,688
The Royal Bank of Scotland	April 6, 2011	March 20, 2014	LIBOR**) + 2%	30,000,000	272,025
				55,000,000	498,713
Held to maturity					
<u>Third parties</u>					
<u>United States Dollar</u>					
<u>Restructured in 2011</u>					
Credit Suisse International	October 20, 2011	December 20, 2016	LIBOR*) + 2.95%	50,000,000	502,469
<u>Restructured in 2009</u>					
Standard Chartered Bank	February 11, 2009	March 20, 2014	LIBOR**) + 1.50%	90,000,000	897,739
The Hong Kong and Shanghai Banking Corporation Ltd	April 28, 2009	June 20, 2014	LIBOR**) + 1.50%	70,000,000	694,225
The Royal Bank of Scotland	January 14, 2009	March 20, 2014	LIBOR**) + 2.80%	50,000,000	503,376
The Royal Bank of Scotland	February 10, 2009	March 20, 2014	LIBOR**) + 1.10%	25,000,000	249,926
				235,000,000	2,345,266
<u>Restructured in 2008</u>					
The Royal Bank of Scotland	December 1, 2008	December 20, 2013	LIBOR*) + 1.00%	25,000,000	249,260
Total					3,595,708

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7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.7. Credit Linked Notes (CLN) (continued)

As of December 31, 2012, 2011, and 2010 the following are the balances of securities in the form of CLN (continued):

Issuer	Effective Date	Maturity Date	Annual Interest Rate	2010	
				Nominal Value (United States Dollar) (full amount)	Carrying Value
Held to maturity					
<u>United States Dollar</u>					
<u>Restructured in 2009</u>					
Standard Chartered Bank The Hong Kong and Shanghai Banking Corporation Ltd	February 11, 2009	March 20, 2014	LIBOR**) + 1.50%	90,000,000	929,995
The Royal Bank of Scotland	April 28, 2009	June 20, 2014	LIBOR**) + 1.50%	70,000,000	714,434
The Royal Bank of Scotland	January 14, 2009	March 20, 2014	LIBOR**) + 2.80%	50,000,000	523,114
The Royal Bank of Scotland	February 10, 2009	March 20, 2014	LIBOR**) + 1.10%	25,000,000	259,224
				235,000,000	2,426,767
<u>Restructured in 2008</u>					
Credit Suisse International	September 26, 2008	December 20, 2012	LIBOR*) + 2.65%	50,000,000	489,082
The Royal Bank of Scotland	December 1, 2008	December 20, 2013	LIBOR*) + 1.00%	25,000,000	259,582
				75,000,000	748,664
Total					3,175,431

*) United States Dollar LIBOR 6 (six) months

**) United States Dollar LIBOR 3 (three) months

CLN represents a debt security where the coupon payments and principal repayment are linked to credit default event of the Republic of Indonesia (reference entity). BRI will receive all interest payments and full principal repayment if there is no credit default event. If credit default event occurs to the reference entity, the issuers will settle the CLN with bonds issued by the reference entity or cash at a certain amount. Credit default events that can occur to the reference entity among others are (i) failure to pay any matured obligation, (ii) repudiation/moratorium and (iii) restructuring in which the payment terms are unfavorable to the creditors.

During 2011, BRI has restructured CLN contracts with Credit Suisse International by changing the period, interest rate and eliminated the requirement to make the top-up payment.

The embedded credit default swap as of December 31, 2012, 2011 and 2010 have a liability fair value of USD5,392,134, USD11,614,086 and USD8,023,069 (equivalent to Rp51,967, Rp105,311 and Rp72,288), respectively, which were recognized as derivatives payable in the consolidated statements of financial position (Note 11). The net gain from the changes in fair value of the embedded credit default swap was recognized as income for the years ended December 31, 2012, 2011 and 2010 which amounted to USD6,221,952 (equivalent to Rp59,964), USD2,034,218 (equivalent to Rp18,445) and USD20,912,952 (equivalent to Rp188,426), respectively.

As of December 31, 2012 and 2011 BRI recognized net unrealized gains from increase in fair value of CLN classified as "fair value through profit or loss" amounted to USD1,387,416 and USD1,408,049 (equivalent to Rp13,371 and Rp12,767) which was recorded in the consolidated statements of financial position as derivatives receivable (Note 11) and consolidated statements of comprehensive income as unrealized gain from changes in fair value of securities and Government Recapitalization Bonds.

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7. SECURITIES (continued)

e) Movements in the allowance for impairment losses on securities:

	2012	2011	2010
<u>Rupiah</u>			
Beginning balance *)	1,510	1,535	13,859
Adjustment on the beginning balance due to the implementation of SFAS No. 55 (Revised 2006) (Note 39)	-	-	(12,449)
Provision (reversal) during the year (Note 32)	(750)	(25)	100
Ending balance	<u>760</u>	<u>1,510</u>	<u>1,510</u>
<u>United States Dollar</u>			
Beginning balance	-	-	43,250
Adjustment on the beginning balance due to the implementation of SFAS No. 55 (Revised 2006) (Note 39)	-	-	(43,250)
Ending balance	<u>-</u>	<u>-</u>	<u>-</u>
	<u>760</u>	<u>1,510</u>	<u>1,510</u>

*) The beginning balance of 2011 is including the balance of BRI Agro (Subsidiary) which amounted to Rp25.

The minimum allowance for impairment losses on securities provided based on Bank Indonesia regulations amounted to Rp760, Rp1,510 and Rp1,510 as of December 31, 2012, 2011 and 2010, respectively.

Management believes that the allowance for impairment losses on securities is adequate.

f) Range of annual interest rates are as follows:

	2012	2011	2010
Rupiah	4.45 - 13.50%	6.25 - 13.50%	6.37 - 13.50%
United States Dollar	1.41 - 8.00	1.35 - 8.00	1.35 - 8.00

g) BRI recognized unrealized gain - net in the value of "Fair Value through Profit or Loss" securities amounted to RpNil, Rp884 and Rp3,321 for the years ended December 31, 2012, 2011 and 2010, respectively, which are recorded under "Unrealized gain from changes in fair value of securities and Government Recapitalization Bonds - net" in the consolidated statements of comprehensive income.

h) BRI recognized net gain resulting from the sale of securities amounted to Rp42,670, Rp132,246 and Rp153,275 for the years ended December 31, 2012, 2011 and 2010, respectively, which are recorded under "Gain on sale of securities and Government Recapitalization Bonds - net" in the consolidated statements of comprehensive income.

i) Government bonds amounted to Rp540,600 as of December 31, 2010 were sold under agreement to repurchase (Note 23).

Information with respect to classification of not impaired and impaired financial assets is disclosed in Note 37.

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8. EXPORT BILLS

a) By Type and Currency:

	2012	2011	2010
<u>Third parties</u>			
<u>Rupiah</u>			
Domestic Documentary Letters of Credit	35,148	58,057	42,715
Export bills	-	1,885	-
	<u>35,148</u>	<u>59,942</u>	<u>42,715</u>
<u>Foreign currencies</u>			
Domestic Documentary Letters of Credit			
United States Dollar	13,019	1,512	-
Export bills			
Chinese Yuan	4,445,891	3,762,636	-
United States Dollar	1,162,547	688,875	445,105
Japanese Yen	81,341	118,818	125,609
Hong Kong Dollar	79,014	46,536	70,927
European Euro	49,776	104,796	34,467
Arab Emirates Dirham	23,360	22,672	4,485
Saudi Arabian Riyal	11,603	7,933	12,523
Great Britain Pound Sterling	8,772	7,750	3,086
Singapore Dollar	8,683	2,222	-
Australian Dollar	1,337	4,877	2,840
	<u>5,885,343</u>	<u>4,768,627</u>	<u>699,042</u>
	<u>5,920,491</u>	<u>4,828,569</u>	<u>741,757</u>
<u>Related Parties (Note 43)</u>			
<u>Rupiah</u>			
Domestic Documentary Letters of Credit	14,281	-	-
	<u>14,281</u>	<u>-</u>	<u>-</u>
Total	5,934,772	4,828,569	741,757
Less: Allowance for impairment losses	-	-	(7,418)
	<u>5,934,772</u>	<u>4,828,569</u>	<u>734,339</u>

b) By Collectibility:

BRI assessed export bills individually for impairment based on the existence of objective evidence, except for the year 2010, assessment was conducted using Bank Indonesia's collectibility guidelines.

All export bills were classified as "Current" as of December 31, 2010.

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8. EXPORT BILLS (continued)

c) By Period:

The classification of export bills based on their remaining period to maturity is as follows:

	2012	2011	2010
<u>Third parties</u>			
≤ 1 month	763,565	572,438	480,034
> 1 month - 3 months	800,732	816,080	218,257
> 3 months - 1 year	4,356,194	3,440,051	43,466
	<u>5,920,491</u>	<u>4,828,569</u>	<u>741,757</u>
<u>Related parties (Note 43)</u>			
<u>Rupiah</u>			
≤ 1 month	14,281	-	-
	<u>14,281</u>	<u>-</u>	<u>-</u>
Total	5,934,772	4,828,569	741,757
Less: Allowance for impairment losses	-	-	(7,418)
	<u>5,934,772</u>	<u>4,828,569</u>	<u>734,339</u>

d) Movements in the allowance for impairment losses on export bills:

	2011	2010
Beginning balance ^{*)}	7,638	5,512
Provision (Reversal) during the year (Note 32)	(7,638)	1,906
Ending balance	<u>-</u>	<u>7,418</u>

*) The beginning balance in 2011 represents additional balance of BRI Agro (Subsidiary) which amounted to Rp220.

The minimum allowance for impairment losses on export bills provided based on Bank Indonesia regulations amounted to Rp7,418 as of December 31, 2010.

Management believes that the allowance for impairment losses on export bills is adequate.

Information with respect to the classification of not impaired and impaired financial assets is disclosed in Note 37.

9. GOVERNMENT RECAPITALIZATION BONDS

This account represents bonds issued by the Government related to BRI's recapitalization program and Government Recapitalization Bonds purchased from the secondary market.

In connection with the recapitalization program, BRI received bonds issued by the Government at a nominal amount of Rp29,149,000 in 2 (two) tranches, at nominal amounts of Rp20,404,300 on July 25, 2000 and Rp8,744,700 on October 31, 2000, all of which earn interest at a fixed rate.

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9. GOVERNMENT RECAPITALIZATION BONDS (continued)

Based on the management contract dated February 28, 2001 between the Government and the Directors and Boards of Commissioners of BRI, the total Government Recapitalization Bonds needed for BRI's recapitalization was determined at Rp29,063,531 (Note 28a), therefore the recapitalization excess of Rp85,469 should be returned to the Government and BRI will not earn the interest income on such bonds. On November 5, 2001, BRI returned the Government Recapitalization bonds amounted to Rp85,469, including the related interests on such bonds to the Government.

The details of Government Recapitalization Bonds are as follows:

a) By Ownership Purpose and Remaining Period to Maturity:

	2012	2011	2010
<u>Available for sale</u>			
≤ 1 month	715,616	5,396,026	6,026,463
<u>Held to maturity</u>			
> 1 month - 3 months	-	-	4,000,000
> 1 year - 5 years	1,000,000	1,000,000	500,000
> 5 years - 10 years	2,600,000	2,600,000	3,100,000
	3,600,000	3,600,000	7,600,000
	4,315,616	8,996,026	13,626,463

b) By Classification and Type:

Series	Annual Interest Rate (%)	Maturity Date	Fair Value/Carrying Value		
			2012	2011	2010
<u>Available for sale</u>					
FR0016	13.45	August 15, 2011	-	-	1,047,776
FR0017	13.15	January 15, 2012	-	1,261,849	1,353,485
FR0018	13.18	July 15, 2012	-	3,420,476	3,625,202
VR0027	SPN 3 months	July 25, 2018	447,565	447,714	-
VR0031	SPN 3 months	July 25, 2020	268,051	265,987	-
			715,616	5,396,026	6,026,463
<u>Held to maturity</u>					
FR0015	13.40	February 15, 2011	-	-	4,000,000
VR0020	SPN 3 months	April 25, 2015	250,000	250,000	250,000
VR0021	SPN 3 months	November 25, 2015	250,000	250,000	250,000
VR0023	SPN 3 months	October 25, 2016	500,000	500,000	500,000
VR0026	SPN 3 months	January 25, 2018	375,000	375,000	375,000
VR0027	SPN 3 months	July 25, 2018	375,000	375,000	375,000
VR0028	SPN 3 months	August 25, 2018	375,000	375,000	375,000
VR0029	SPN 3 months	August 25, 2019	375,000	375,000	375,000
VR0031	SPN 3 months	July 25, 2020	1,100,000	1,100,000	1,100,000
			3,600,000	3,600,000	7,600,000
			4,315,616	8,996,026	13,626,463

c) Other Significant Information:

The schedule of interest payment for FR series bonds is every 6 (six) months, while for VR series bonds is every 3 (three) months.

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9. GOVERNMENT RECAPITALIZATION BONDS (continued)

c) Other Significant Information (continued)

Government Recapitalization Bonds amounted to Rp100,000 were sold under agreement to repurchase as of December 31, 2011 and 2010, respectively (Note 23).

The market values of several Government Recapitalization Bonds classified under "Available for sale" ranged from 99.00% to 99.64%, from 98.51% to 104.44% and from 104.99% to 110.69% as of December 31, 2012, 2011 and 2010, respectively.

BRI recognized net loss from sales of Government Recapitalization Bonds classified as "Fair value through profit or loss" amounted to Rp387 for the year ended December 31, 2010, which was recorded under "Gain on sale of securities and Government Recapitalization Bonds - net" in the consolidated statements of comprehensive income.

10. SECURITIES PURCHASED UNDER AGREEMENT TO RESELL

Securities purchased under agreement to resell as of December 31, 2012, 2011 and 2010 consist of:

	2012			
	Terms (day)	Resell Date	Nominal Amount	Resell Price - Net
<u>Third parties</u>				
Bank Indonesia				
Government bonds				
Series FR0019	42	January 4, 2013	501,450	535,272
Series FR0026	66	February 22, 2013	530,765	541,314
Series FR0030	65	March 1, 2013	874	884
Series FR0036	67	February 22, 2013	139,773	143,174
Series FR0042	96	March 19, 2013	295,391	305,236
Series FR0042	95	March 19, 2013	340,168	351,514
Series FR0042	94	March 22, 2013	679,425	702,315
Series FR0043	97	April 2, 2013	327,175	338,812
Series FR0046	42	January 8, 2013	629,180	649,305
Series FR0047	95	March 22, 2013	336,068	345,108
Series FR0053	65	February 1, 2013	482,702	497,597
Series FR0053	61	February 12, 2013	287,380	296,509
Series FR0053	63	February 15, 2013	288,160	297,309
Series FR0054	97	March 26, 2013	615,485	635,430
Series FR0055	67	February 22, 2013	148,727	151,708
Series FR0055	64	March 1, 2013	175,539	179,180
Series FR0056	93	March 1, 2013	295,115	300,657
Series FR0057	97	March 26, 2013	16,140	16,272
Series FR0058	64	March 1, 2013	31,424	31,513
Series FR0059	69	February 26, 2013	432,694	436,044
Series FR0059	64	March 1, 2013	47,468	47,857
Series FR0060	64	March 1, 2013	9,041	9,158
Series FR0061	65	February 1, 2013	83,619	84,162
Series FR0061	67	February 15, 2013	534,895	538,722
Series FR0061	59	February 8, 2013	534,250	538,106
Series FR0061	96	April 2, 2013	270,398	272,564
Series FR0063	97	March 26, 2013	20,050	20,206
Series FR0064	96	March 19, 2013	31,710	31,937
Series SPN12130205	65	February 8, 2013	280,447	281,359
Series SPN12130307	63	February 5, 2013	470,704	472,289
Series SPN12130606	65	February 8, 2013	186,154	186,759
Series SPN12130710	69	February 26, 2013	27,551	27,592
Series SPN12130912	65	March 1, 2013	229,766	229,910
Series SPN12131204	69	February 26, 2013	54,665	54,747
			9,334,353	9,550,521

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10. SECURITIES PURCHASED UNDER AGREEMENT TO RESELL (continued)

Securities purchased under agreement to resell as of December 31, 2012, 2011 and 2010 consist of (continued):

2011				
	Terms (day)	Resell Date	Nominal Amount	Resell Price - Net
<u>Third parties</u>				
Bank Indonesia				
Government bonds				
Series FR0059	99	February 16, 2012	18,000	18,265
Series FR0056	99	February 16, 2012	171,000	190,451
Series FR0054	21	January 12, 2012	2,000,000	2,458,802
Series FR0053	20	January 12, 2012	1,048,200	1,195,006
Series FR0052	104	February 16, 2012	134,771	177,596
Series FR0052	22	January 12, 2012	84,096	110,386
Series FR0047	22	January 12, 2012	915,904	1,148,998
Series FR0046	20	January 12, 2012	730,800	897,153
Series FR0044	20	January 12, 2012	391,000	492,300
Series FR0043	20	January 12, 2012	830,000	1,062,032
Series FR0043	99	February 16, 2012	61,000	77,627
Series FR0042	100	March 29, 2012	1,000,000	1,288,767
Series FR0023	99	February 16, 2012	250,000	265,915
			7,634,771	9,383,298
			7,634,771	9,383,298
2010				
	Terms (day)	Resell Date	Nominal Amount	Resell Price - Net
<u>Third parties</u>				
PT Bank Pan Indonesia Tbk				
Government bonds				
Series FR0031	29	January 14, 2011	110,000	124,511
Series FR0040	29	January 14, 2011	115,000	124,620
Series FR0045	29	January 14, 2011	263,000	252,250
			488,000	501,381
			488,000	501,381

BRI assessed securities purchased under agreement to resell individually for impairment based on whether an objective evidence of impairment exists.

Information with respect to classification of not impaired and impaired financial assets is disclosed in Note 37.

11. DERIVATIVES RECEIVABLE AND PAYABLE

The summary of the derivatives transactions is as follows:

Transaction	2012	
	Derivatives receivable	Derivatives payable
Cross currency and interest rate swap	14,062	95,298
Credit linked notes (Note 7)	13,371	51,967
Foreign currency swap	1,417	-
Purchase and sale of foreign currency spot	-	3,404
Purchase forward of foreign currency	-	1,524
	28,850	152,193
	28,850	152,193

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11. DERIVATIVES RECEIVABLE AND PAYABLE (continued)

The summary of the derivatives transactions is as follows (continued):

Transaction	2011	
	Derivatives receivable	Derivatives payable
Credit linked notes (Note 7)	12,767	105,311
Cross currency and interest rate swap	4,976	67,770
Foreign currency swap	75	-
Purchase and sale of foreign currency spot	-	455
	17,818	173,536

Transaction	2010	
	Derivatives receivable	Derivatives payable
Cross currency and interest rate swap	78,654	5,840
Purchase and sale of foreign currency spot	5,722	3,673
Foreign currency swap	3,494	-
Credit linked notes (Note 7)	-	72,288
	87,870	81,801

a) Cross currency and interest rate swap

BRI's cross currency and interest rate swap contracts as of December 31, 2012, 2011 and 2010 are as follows:

Counterparties	Notional Amount	Annual Interest Rate		Date	
		Received	Paid	Effective	Maturity
		DBS Bank	USD65,000,000	7.50%	LIBOR** + 1.65%
DBS Bank	USD35,000,000	7.25%	LIBOR** + 1.65%	October 6, 2011	October 6, 2013
DBS Bank	SGD10,000,000	7.00%	SIBOR* + 1.90%	July 16, 2012	July 16, 2013
Standard Chartered Bank	USD50,000,000	7.00%	LIBOR** + 1.30%	September 22, 2011	September 22, 2013
Standard Chartered Bank	USD20,000,000	7.00%	LIBOR** + 1.69%	September 18, 2012	September 18, 2014
Standard Chartered Bank	USD40,000,000	7.00%	LIBOR** + 1.75%	November 1, 2012	November 1, 2015
Standard Chartered Bank	USD60,000,000	7.00%	LIBOR** + 1.75%	November 1, 2012	November 1, 2015
The Hong Kong and Shanghai Banking Corporation Ltd	USD50,000,000	7.50%	LIBOR** + 1.70%	September 26, 2011	September 26, 2014
The Hong Kong and Shanghai Banking Corporation Ltd	USD50,000,000	7.50%	LIBOR** + 1.70%	September 21, 2011	September 22, 2014
The Hong Kong and Shanghai Banking Corporation Ltd	USD50,000,000	7.00%	LIBOR** + 1.90%	April 16, 2012	April 16, 2014
The Hong Kong and Shanghai Banking Corporation Ltd	USD50,000,000	7.00%	LIBOR** + 1.50%	December 10, 2012	December 10, 2015
The Hong Kong and Shanghai Banking Corporation Ltd	USD50,000,000	7.00%	LIBOR** + 1.50%	December 4, 2012	December 4, 2015
ANZ Bank	USD50,000,000	7.00%	LIBOR** + 1.55%	November 5, 2012	November 5, 2014
Citibank	USD25,000,000	7.00%	LIBOR** + 1.68%	October 15, 2012	October 15, 2014

*) SGD SIBOR 3 (three) months

***) USD LIBOR 3 (three) months

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11. DERIVATIVES RECEIVABLE AND PAYABLE (continued)

a) Cross currency and interest rate swap (continued)

BRI's cross currency and interest rate swap contracts as of December 31, 2012, 2011 and 2010 are as follows (continued):

2011					
Counterparties	Notional Amount	Annual Interest Rate		Date	
		Received	Paid	Effective	Maturity
The Royal Bank of Scotland	USD20,000,000	6.30%	LIBOR*) + 0.60%	September 23, 2011	September 23, 2012
DBS Bank	USD65,000,000	7.50%	LIBOR**) + 1.65%	September 27, 2011	September 27, 2014
DBS Bank	USD35,000,000	7.25%	LIBOR**) + 1.65%	October 6, 2011	October 6, 2013
Standard Chartered Bank	USD50,000,000	7.00%	LIBOR**) + 1.30%	September 22, 2011	September 22, 2013
The Hong Kong and Shanghai Banking Corporation Ltd	USD50,000,000	7.50%	LIBOR**) + 1.70%	September 26, 2011	September 26, 2014
The Hong Kong and Shanghai Banking Corporation Ltd	USD50,000,000	7.50%	LIBOR**) + 1.70%	September 21, 2011	September 22, 2014

*) USD LIBOR 6 (six) months
 **) USD LIBOR 3 (three) months

2010					
Counterparties	Notional Amount	Annual Interest Rate		Date	
		Received	Paid	Effective	Maturity
The Royal Bank of Scotland	USD50,000,000	LIBOR**) + 0.25%	5.40%	December 9, 2010	December 9, 2011
The Royal Bank of Scotland	USD25,000,000	LIBOR**) + 0.50%	5.95%	October 13, 2010	October 13, 2011
DBS Bank	USD40,000,000	SBI*) + 0.05%	LIBOR**) + 1.10%	June 9, 2008	June 9, 2011
DBS Bank	USD25,000,000	LIBOR**) + 1.50%	SBI*) + 1.50%	July 21, 2010	July 21, 2011
Standard Chartered Bank	USD100,000,000	11%	LIBOR**) + 0.80%	June 19, 2008	June 19, 2011
Standard Chartered Bank	USD50,000,000	LIBOR**) + 0.25%	SBI*) - 1.50%	November 12, 2010	November 14, 2011
Standard Chartered Bank	USD100,000,000	LIBOR**) + 0.50%	SBI*)	September 7, 2010	September 7, 2011
The Hong Kong and Shanghai Banking Corporation Ltd	USD25,000,000	LIBOR**) + 1.50%	SBI*) + 1.18%	August 12, 2010	August 12, 2011

*) Certificates of Bank Indonesia 3 (three) months
 **) USD LIBOR 3 (three) months

BRI enters into cross currency and interest rate swap contracts with several counterparties, whereby BRI and counterparties agree to exchange funds in USD and Rupiah with the amount equal at the effective date of the contract. Thus, BRI/counterparties shall pay interest according to the funds received.

If the funds received are in USD, the beneficiary must pay fixed rate or floating rate of SIBOR 3 (three) months, LIBOR 3 (three) months or LIBOR 6 (six) months plus certain margin. On the contrary, the beneficiary pays fixed rate or floating rate of floating rates of interest prevailing in the market plus certain margin if funds received are in Rupiah.

b) Foreign currency spots - purchase and sale

As of December 31, 2012, BRI has outstanding foreign currency spot contracts in United States Dollar with notional amount of USD69,000,000 and contractual amount of Rp670,691 and purchase forward with nominal amount of USD10,000,000 and contractual amount of Rp97,900.

Furthermore, BRI also has foreign currency spot sale contract in United States Dollar with notional amount of USD34,000,000 and contractual amount of Rp330,245.

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11. DERIVATIVES RECEIVABLE AND PAYABLE (continued)

c) Foreign currency swap

As of December 31, 2012, BRI has foreign currency swap contracts in United States Dollar with notional amount of USD14,000,000, and with sale notional amount of USD24,000,000, with the purchase contractual amount of Rp136,545 and sale contractual amount of Rp234,337.

Movements in the allowance for impairment losses on derivatives receivable:

	2010
Beginning balance	1,449
Adjustment on the beginning balance due to the implementation of SFAS No. 55 (Revised 2006) (Note 39)	(1,449)
Ending balance	-

BRI assessed derivatives receivable individually for impairment based on whether an objective evidence of impairment exists.

Information with respect to classification of not impaired and impaired financial assets is disclosed in Note 37.

12. LOANS

a) By Currency and Type:

	2012	2011	2010
<u>Third parties</u>			
<u>Rupiah</u>			
Kupedes	106,797,402	90,189,492	75,371,389
Working capital	69,968,219	61,633,557	62,290,266
Consumer	62,087,183	55,715,913	50,791,261
Investment	20,320,941	14,031,064	12,714,177
Program	8,767,917	7,825,141	6,625,255
Syndicated	1,238,165	934,695	775,934
Others	1,112,197	1,247,900	139,046
	270,292,024	231,577,762	208,707,328
<u>Foreign currencies</u>			
Working capital	13,754,643	11,710,504	4,159,430
Investment	8,602,611	4,113,834	3,704,834
Syndicated	841,957	353,748	399,746
	23,199,211	16,178,086	8,264,010
	293,491,235	247,755,848	216,971,338

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12. LOANS (continued)

a) By Currency and Type (continued):

	2012	2011	2010
<u>Related parties (Note 43)</u>			
<u>Rupiah</u>			
Working capital	25,174,987	16,355,057	12,670,289
Syndicated	11,321,078	7,858,316	8,152,188
Investment	6,889,231	3,287,839	1,741,962
Employees	55,823	55,721	35,742
Consumer	50,083	56,855	35,262
	<u>43,491,202</u>	<u>27,613,788</u>	<u>22,635,443</u>
<u>Foreign currencies</u>			
Working capital	11,975,719	8,939,046	6,936,650
Investment	1,707,399	1,020,489	420,807
Syndicated	92,707	77,086	-
	<u>13,775,825</u>	<u>10,036,621</u>	<u>7,357,457</u>
	<u>57,267,027</u>	<u>37,650,409</u>	<u>29,992,900</u>
Total	350,758,262	285,406,257	246,964,238
Less: Allowance for impairment losses	(14,677,220)	(15,951,531)	(13,991,454)
	<u>336,081,042</u>	<u>269,454,726</u>	<u>232,972,784</u>

Details of loans in foreign currencies as of December 31, 2012, 2011 and 2010 are Rp35,784,729, Rp26,141,237 and Rp15,596,196 in United States Dollars, Rp161,730, Rp73,470 and Rp21,607 in Singapore Dollars, Rp982,633, RpNil and Rp3,032 in European Euro, Rp34,649, RpNil and Rp632 in Great Britain Pound Sterling, Rp11,295, RpNil and RpNil in Japanese Yen, respectively.

b) By Economic Sector:

	2012	2011	2010
<u>Third parties</u>			
<u>Rupiah</u>			
Trading, hotels and restaurants	91,728,349	82,301,568	82,130,884
Agriculture	23,561,544	18,419,819	15,746,727
Manufacturing	11,204,269	7,173,161	7,903,000
Business services	9,792,471	7,210,928	6,157,754
Construction	6,090,323	4,252,484	4,400,580
Transportation, warehousing and communications	2,510,326	1,619,659	1,540,925
Social services	2,438,540	2,601,608	2,650,878
Mining	1,343,961	795,759	1,415,313
Electricity, gas and water	508,731	432,713	400,548
Others	121,113,510	106,770,063	86,360,719
	<u>270,292,024</u>	<u>231,577,762</u>	<u>208,707,328</u>

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12. LOANS (continued)

b) By Economic Sector (continued):

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Third parties (continued)</u>			
<u>Foreign currencies</u>			
Manufacturing	10,274,764	3,069,287	2,736,052
Agriculture	2,349,319	2,198,047	894,860
Trading, hotels and restaurants	1,617,196	6,319,825	1,156,020
Mining	1,504,623	1,620,730	534,798
Construction	1,042,591	707,672	230,940
Transportation, warehousing and communications	832,526	882,440	919,773
Electricity, gas and water	304,361	67,952	899,656
Business services	269,905	200,083	53,500
Social services	3,761	90,213	99,629
Others	5,000,165	1,021,837	738,782
	<u>23,199,211</u>	<u>16,178,086</u>	<u>8,264,010</u>
	<u>293,491,235</u>	<u>247,755,848</u>	<u>216,971,338</u>
<u>Related parties (Note 43)</u>			
<u>Rupiah</u>			
Electricity, gas and water	7,844,061	6,013,365	4,572,476
Agriculture	6,979,950	2,751,043	1,418,477
Manufacturing	6,774,944	2,895,110	2,154,595
Transportation, warehousing and communications	5,885,222	2,380,028	2,299,154
Business services	5,297,997	5,031,028	4,453,355
Social services	4,500,043	4,092,903	25,057
Construction	2,295,776	1,467,558	943,091
Mining	123,884	307,681	350,000
Trading, hotels and restaurants	68,534	33,557	159,633
Others	3,720,791	2,641,515	6,259,605
	<u>43,491,202</u>	<u>27,613,788</u>	<u>22,635,443</u>
<u>Foreign currencies</u>			
Manufacturing	9,767,822	6,131,164	52,591
Mining	2,098,967	2,754,253	3,013,805
Construction	526,651	458,021	277,956
Agriculture	63,284	-	11,864
Business services	56,308	45,338	-
Transportation, warehousing and communications	81,919	77,074	-
Trading, hotels and restaurants	-	49,985	3,913,403
Others	1,180,874	520,786	87,838
	<u>13,775,825</u>	<u>10,036,621</u>	<u>7,357,457</u>
	<u>57,267,027</u>	<u>37,650,409</u>	<u>29,992,900</u>
Total	350,758,262	285,406,257	246,964,238
Less: Allowance for impairment losses	(14,677,220)	(15,951,531)	(13,991,454)
	<u>336,081,042</u>	<u>269,454,726</u>	<u>232,972,784</u>

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12. LOANS (continued)

c) By Period:

The classification of loans based on the remaining period to maturity is as follows:

	2012	2011	2010
<u>Third parties</u>			
<u>Rupiah</u>			
≤ 1 month	9,162,744	8,636,335	8,114,618
> 1 month - 3 months	12,034,330	11,170,959	11,294,927
> 3 months - 1 year	53,594,760	46,374,408	44,749,348
> 1 year - 2 years	43,277,587	37,071,298	32,326,151
> 2 years - 5 years	74,711,131	65,733,770	60,619,171
> 5 years	77,511,472	62,590,992	51,603,113
	<u>270,292,024</u>	<u>231,577,762</u>	<u>208,707,328</u>
<u>Foreign currencies</u>			
≤ 1 month	1,325,785	744,280	1,025,975
> 1 month - 3 months	1,648,194	802,530	732,191
> 3 months - 1 year	7,037,085	6,644,163	1,190,906
> 1 year - 2 years	3,508,766	1,418,908	512,271
> 2 years - 5 years	5,405,805	4,238,244	2,889,888
> 5 years	4,273,576	2,329,961	1,912,779
	<u>23,199,211</u>	<u>16,178,086</u>	<u>8,264,010</u>
	<u>293,491,235</u>	<u>247,755,848</u>	<u>216,971,338</u>
<u>Related parties (Note 43)</u>			
<u>Rupiah</u>			
≤ 1 month	5,885,185	5,069,059	4,202,001
> 1 month - 3 months	10,230,543	5,472,456	5,959,298
> 3 months - 1 year	5,415,744	3,880,725	1,194,479
> 1 year - 2 years	971,450	672,840	1,810,107
> 2 years - 5 years	6,090,145	2,811,474	2,575,554
> 5 years	14,898,135	9,707,234	6,894,004
	<u>43,491,202</u>	<u>27,613,788</u>	<u>22,635,443</u>
<u>Foreign currencies</u>			
≤ 1 month	9,459,919	6,126,118	-
> 3 months - 1 year	514,814	98,959	71,896
> 1 year - 2 years	1,954,003	112,336	199,229
> 2 years - 5 years	569,005	2,754,253	2,824,595
> 5 years	1,278,084	944,955	4,261,737
	<u>13,775,825</u>	<u>10,036,621</u>	<u>7,357,457</u>
	<u>57,267,027</u>	<u>37,650,409</u>	<u>29,992,900</u>
Total	350,758,262	285,406,257	246,964,238
Less: Allowance for impairment losses	(14,677,220)	(15,951,531)	(13,991,454)
	<u>336,081,042</u>	<u>269,454,726</u>	<u>232,972,784</u>

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12. LOANS (continued)

d) By Collectibility:

	2012	2011	2010
Individual	6,335,884	4,261,841	5,011,021
Collective			
Current	321,845,346	257,435,589	225,447,541
Special mention	17,517,600	18,698,719	11,547,910
Substandard	816,579	752,016	1,044,966
Doubtful	832,095	847,057	894,169
Loss	3,410,758	3,411,035	3,018,631
	350,758,262	285,406,257	246,964,238
Less: Allowance for impairment losses			
Individual	(3,403,315)	(3,139,887)	(4,121,561)
Collective	(11,273,905)	(12,811,644)	(9,869,893)
	(14,677,220)	(15,951,531)	(13,991,454)
Total	336,081,042	269,454,726	232,972,784

e) By Operating Segment:

	2012	2011	2010
<u>Third parties</u>			
<u>Rupiah</u>			
Corporate	20,426,136	12,479,160	11,560,953
Micro	115,494,852	98,079,430	81,832,169
Retail	134,371,036	121,019,172	115,314,206
	270,292,024	231,577,762	208,707,328
<u>Foreign currencies</u>			
Corporate	16,596,854	11,519,853	7,579,385
Retail	6,602,357	4,658,233	684,625
	23,199,211	16,178,086	8,264,010
	293,491,235	247,755,848	216,971,338
<u>Related parties (Note 43)</u>			
<u>Rupiah</u>			
Corporate	38,139,057	22,843,672	18,637,016
Retail	5,352,145	4,770,116	3,998,427
	43,491,202	27,613,788	22,635,443
<u>Foreign currencies</u>			
Corporate	13,727,637	9,991,284	7,314,669
Retail	48,188	45,337	42,788
	13,775,825	10,036,621	7,357,457
	57,267,027	37,650,409	29,992,900
Total	350,758,262	285,406,257	246,964,238
Less: Allowance for impairment losses	(14,677,220)	(15,951,531)	(13,991,454)
	336,081,042	269,454,726	232,972,784

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12. LOANS (continued)

f) Other Significant Information:

1) Average annual interest rates for loans are as follows:

	2012	2011	2010
Contractual Rate			
Rupiah	4.50 - 22.32%	5.00 - 24.00%	5.50 - 24.00%
Foreign Currencies	3.10 - 9.50	3.70 - 9.50	3.75 - 9.50
Effective Interest Rate			
Rupiah	5.09 - 30.10%	5.12 - 30.41%	5.48 - 30.59%
Foreign Currencies	4.49 - 9.50	4.24 - 9.97	4.24 - 9.97

- 2) The loans are generally collateralized by registered mortgages, by powers of attorneys to sell, demand deposits, time deposits or by other guarantees generally accepted by banks (Notes 19 and 21).
- 3) Working capital and investment loans represent loans to customers for capital goods and working capital requirements.
- 4) Consumer loans consist of housing, motor vehicles and other personal loans.
- 5) Program loans represent loan facilities channeled by BRI based on the guidelines from the Government to support the development of Indonesia's small scale industry, middle and cooperative units.
- 6) Kupedes loans represent credit facilities channeled by BRI through BRI's Units. The target of these loans is micro businesses and fixed income employees that require additional funds, in accordance with the maximum limit amount stated in the Kupedes manual. The economic sectors covered under Kupedes include agriculture, manufacturing, trading and others.
- 7) Syndicated loans are provided to customers under syndication agreements with other banks. BRI's participation as member of the syndicated loans ranged from 2.97% until 74.94%, 10.00% until 74.94% and 12.44% until 74.94% as of December 31, 2012, 2011 and 2010, respectively.
- 8) Loans to employees which earn interest of 5.5% per annum were intended for the acquisition of vehicles, houses and other necessities with 4 (four) to 20 (twenty) years maturity. Loan principal and interest payments were collected through monthly payroll deductions. Difference between employee loan's interest rates and Base Lending Rate (BLR) is deferred and recorded as deferred expense for employee loans as part of other assets. Deferred expense for employee loans amounted to Rp708,141, Rp629,188 and Rp757,608 as of December 31, 2012, 2011 and 2010, respectively (Note 17).
- 9) Loans granted by BRI to related parties, other than loans to key employees (Note 43) are as follows:

	2012	2011	2010
PT Pertamina (Persero)	10,348,229	8,539,984	7,217,175
PT Perusahaan Listrik Negara (Persero)	8,211,065	6,838,464	6,199,343
Perum Pegadaian	4,769,429	4,858,401	4,246,385
PT Taspem (Persero)	4,500,000	4,014,051	3,390,000
PT Telekomunikasi Indonesia (Persero) Tbk	3,625,000	1,700,000	1,375,000

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12. LOANS (continued)

f) Other Significant Information (continued):

9) Loans granted by BRI to related parties, other than loans to key employees (Note 43) are as follows (continued):

	2012	2011	2010
Perum BULOG	3,570,265	1,229,276	676,293
PT Petrokimia Gresik	2,444,483	900,518	642,743
Kementerian Keuangan Republik Indonesia	1,711,741	820,519	270,284
PT Dayamitra Telekomunikasi	1,000,000	435,536	-
PT Pupuk Kujang	973,468	-	-
PT Bringin Srikandi Finance	548,005	193,312	187,218
PT Bringin Indotama Sejahtera Finance	185,840	113,445	158,432
PT Bringin Karya Sejahtera	9,632	18,020	20,652
PT Bringin Sejahtera Artha Makmur	444	1,134	-
PT Bringin Gigantara	-	3,637	5,971
Others	15,313,603	7,928,391	5,567,662
	57,211,204	37,594,688	29,957,158

10) Loans that have been restructured by BRI (Parent Entity) in 2012, 2011 and 2010 and are still in the process of restructuring as of December 31, 2012, 2011 and 2010 are as follows (unaudited):

	2012	2011	2010
Restructured during the year	624,782	985,180	1,034,003
In the process of restructuring	329,838	522,971	716,171

The scheme of restructuring is generally extension of the payment period.

11) In its report on Legal Lending Limit to Bank Indonesia as of December 31, 2012, 2011 and 2010, BRI indicated that there is no debtor either related party or third party who has not complied with or exceeded the Legal Lending Limit.

12) The details of non-performing loans and allowance for impairment losses by economic sector are as follows:

	2012	2011	2010
Trading, hotels and restaurants	3,904,999	4,667,692	4,428,668
Construction	1,510,299	413,031	738,139
Manufacturing	1,050,306	1,105,804	1,416,037
Transportation, warehousing and communications	998,893	154,337	276,623
Business services	675,248	497,988	559,596
Agriculture	595,414	576,143	603,940
Mining	84,077	21,373	25,279
Social services	69,115	212,401	368,854
Electricity, gas and water	35,037	24,692	17,528
Others	2,471,928	1,598,488	1,534,123
Total	11,395,316	9,271,949	9,968,787
Less: Allowance for impairment losses	(4,595,451)	(7,027,144)	(7,646,236)
	6,799,865	2,244,805	2,322,551

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12. LOANS (continued)

f) Other Significant Information (continued):

The ratios of non-performing loans (NPL) based on Bank Indonesia regulations are as follows:

(i) Consolidated

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Total non-performing loans	6,296,470	6,586,960	6,865,709
Total loans	350,758,262	285,406,257	246,964,238
% non-performing loans (NPL)	1.80%	2.31%	2.78%

(ii) BRI (Parent Entity)

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Total non-performing loans	6,203,863	6,522,422	6,865,709
Total loans	348,227,188	283,583,198	246,964,238
% non-performing loans (NPL)	1.78%	2.30%	2.78%

Movements in the allowance for impairment losses on loans:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Beginning balance *)	15,951,531	14,201,100	11,279,891
Adjustment on the beginning balance due to the implementation of SFAS No. 55 (Revised 2006) (Note 39)	-	-	(17,266)
Allowance during the year (Note 32)	2,593,691	5,789,241	7,879,092
Loans written off during the year	(4,447,510)	(4,394,952)	(4,964,081)
Foreign currency translation	579,508	356,142	(186,182)
Ending balance	<u>14,677,220</u>	<u>15,951,531</u>	<u>13,991,454</u>

*) The beginning balance in 2011 represents additional balance of BRI Agro (Subsidiary) which amounted to Rp209,646.

BRI's (Parent Entity) allowance for impairment losses balance includes the allowance for disaster prone areas amounted to Rp1,847,010, Rp5,961,982 and Rp3,903,584 as of December 31, 2012, 2011 and 2010, respectively (Notes 2f).

The minimum allowance for impairment losses on loans provided based on Bank Indonesia regulation (Note 2f) amounted to Rp9,024,876, Rp8,620,578 and Rp7,743,646 as of December 31, 2012, 2011 and 2010, respectively.

Management believes that the allowance for impairment losses on loans is adequate.

Information with respect to classification of not impaired and impaired financial assets is disclosed in Note 37.

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13. SHARIA RECEIVABLES AND FINANCING

Sharia receivables and financing based on collectibility are as follows:

	2012	2011	2010
<u>Third parties</u>			
Current	10,524,430	8,517,359	5,138,596
Special mention	264,904	216,663	180,244
Substandard	144,735	29,280	42,984
Doubtful	24,707	71,752	31,043
Loss	170,983	151,801	101,630
	<u>11,129,759</u>	<u>8,986,855</u>	<u>5,494,497</u>
<u>Related parties (Note 43)</u>			
Current	118,495	121,860	30,471
Special mention	26	-	-
Substandard	1	-	-
	<u>118,522</u>	<u>121,860</u>	<u>30,471</u>
Total	11,248,281	9,108,715	5,524,968
Less: Allowance for impairment losses	(237,645)	(138,441)	(111,376)
	<u>11,010,636</u>	<u>8,970,274</u>	<u>5,413,592</u>

Sharia receivables and financing consist of *murabahah* receivables, *istishna* receivables, *qardh* borrowing, *mudharabah* and *musyarakah* financing.

Movements in the allowance for impairment losses on Sharia receivables and financing:

	2012	2011	2010
Beginning balance	138,441	111,376	88,257
Provision (reversal) during the year (Note 32)	75,426	18,743	(3,267)
Recoveries from loans written off	25,687	35,964	26,386
Loans written off during the year	(1,909)	(27,642)	-
Ending balance	<u>237,645</u>	<u>138,441</u>	<u>111,376</u>

Management believes that the allowance for losses of Sharia receivables and financing is adequate.

As of December 31, 2012, 2011 and 2010, Sharia receivables and financing classified as Non-Performing Financing (NPF) amounted to Rp340,426 (3.03%), Rp252,833 (2.78%) and Rp175,657 (3.18%), respectively.

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14. ACCEPTANCES RECEIVABLE AND PAYABLE

The details of acceptances receivable from customers are as follows:

a) By Type and Currency:

	2012	2011	2010
<u>Third parties</u>			
<u>Rupiah</u>			
Import Letters of Credit and Domestic Document Letters of Credit	23,306	56,514	-
<u>Foreign currencies</u>			
Import Letters of Credit and Domestic Document Letters of Credit			
United States Dollar	4,067,960	1,325,538	560,271
European Euro	8,051	14,028	35,090
Japanese Yen	892	1,255	-
Singapore Dollar	-	-	613
	4,076,903	1,340,821	595,974
	4,100,209	1,397,335	595,974
<u>Related parties (Note 43)</u>			
<u>Rupiah</u>			
Import Letters of Credit and Domestic Document Letters of Credit	349	493	-
<u>Foreign currencies</u>			
Import Letters of Credit and Domestic Document Letters of Credit			
United States Dollar	495,981	280,468	70,904
European Euro	189,582	-	-
Japanese Yen	-	13,880	-
	685,563	294,348	70,904
	685,912	294,841	70,904
Total	4,786,121	1,692,176	666,878
Less: Allowance for impairment losses	-	-	(6,669)
	4,786,121	1,692,176	660,209

Acceptances payable represent the same amount as acceptances receivable from customers (before deducted from allowance for impairment losses).

b) By Collectibility:

BRI assessed acceptances receivable individually for impairment based on whether an objective evidence of impairment exists.

c) By Period:

The classifications of acceptances receivable based on the remaining period until maturity are as follows:

	2012	2011	2010
<u>Third parties</u>			
≤ 1 month	530,585	395,301	202,717
> 1 month - 3 months	1,530,415	716,137	290,109
> 3 months - 1 year	2,039,209	285,897	103,148
	4,100,209	1,397,335	595,974

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14. ACCEPTANCES RECEIVABLE AND PAYABLE (continued)

c) By Period (continued):

The classifications of acceptances receivable based on the remaining period until maturity are as follows (continued):

	2012	2011	2010
<u>Related parties (Note 43)</u>			
≤ 1 month	43,378	33,279	66,881
> 1 month - 3 months	425,110	23,276	4,023
> 3 months - 1 year	217,424	238,286	-
	<u>685,912</u>	<u>294,841</u>	<u>70,904</u>
Total	4,786,121	1,692,176	666,878
Less: Allowance for impairment losses	-	-	(6,669)
	<u>4,786,121</u>	<u>1,692,176</u>	<u>660,209</u>

d) Movements in the allowance for impairment losses on acceptances receivable are as follows:

	2011	2010
Beginning balance *)	7,240	4,502
Allowance (reversal) during the year (Note 32)	(7,240)	2,167
Ending Balance	<u>-</u>	<u>6,669</u>

*) The beginning balance in 2011 represents additional balance of BRI Agro (Subsidiary) which amounted to Rp571.

Management believes that the allowance for impairment losses on acceptances receivable is adequate.

Information with respect to classification of not impaired and impaired financial assets is disclosed in Note 37.

15. INVESTMENT IN ASSOCIATED ENTITIES

The details of investment in associated entities are as follows:

Company Name	Type of Business	Percentage of Ownership	2012		
			Cost	Accumulated Equity in Net Earnings of Associated Company	Carrying Value
PT BTMU-BRI Finance (Related party - Note 43)	Financing	45.00%	24,750	170,584	195,334
PT Kustodian Sentral Efek Indonesia	Central securities depository institution	3.00			900
PT Sarana Bersama Pembiayaan Indonesia	Investment	8.00			536

These consolidated financial statements are originally issued in the Indonesian language.

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15. INVESTMENT IN ASSOCIATED ENTITIES (continued)

The details of investment in associated entities are as follows (continued):

2012					
Company Name	Type of Business	Percentage of Ownership	Cost	Accumulated Equity in Net Earnings of Associated Company	Carrying Value
PT Pemeringkat Efek Indonesia	Credit rating agency	2.10			210
BPR Toelongredjo Agroloka	Banking	3.00			77
BPR Tjoekir Agroloka	Banking	3.00			77
BPR Toelangan Agroloka	Banking	9.00			66
BPR Cinta Manis Agroloka	Banking	10.00			35
BPR Bungamayang Agroloka	Banking	9.00			23
PT Aplikanusa Lintasarta	Non-Banking	0.03			20
					1,944
Total					197,278
Less: Allowance for impairment losses					(536)
					196,742

2011					
Company Name	Type of Business	Percentage of Ownership	Cost	Accumulated Equity in Net Earnings of Associated Company	Carrying Value
PT BTMU-BRI Finance (Related party - Note 43)	Financing	45.00%	24,750	138,531	163,281
PT Kustodian Sentral Efek Indonesia	Central securities depository institution	3.00			900
PT Sarana Bersama Pembiayaan Indonesia	Investment	8.00			536
PT Pemeringkat Efek Indonesia	Credit rating agency	2.10			210
BPR Toelongredjo Agroloka	Banking	3.00			77
BPR Tjoekir Agroloka	Banking	3.00			77
BPR Toelangan Agroloka	Banking	9.00			66
BPR Cinta Manis Agroloka	Banking	10.00			35
BPR Bungamayang Agroloka	Banking	9.00			23
PT Aplikanusa Lintasarta	Non-Banking	0.03			20
					1,944
Total					165,225
Less: Allowance for impairment losses					(536)
					164,689

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15. INVESTMENT IN ASSOCIATED ENTITIES (continued)

The details of investment in associated entities are as follows (continued):

Company Name	Type of Business	Percentage of Ownership	2010		
			Cost	Accumulated Equity in Net Earnings of Associated Company	Carrying Value
PT BTMU-BRI Finance (Related party - Note 43)	Financing	45.00%	24,750	109,380	134,130
PT Kustodian Sentral Efek Indonesia	Central securities depository institution	3.00			900
PT Sarana Bersama Pembiayaan Indonesia	Investment	8.00			536
PT Pemeringkat Efek Indonesia	Credit rating agency	2.10			210
					<u>1,646</u>
Total					135,776
Less: Allowance for impairment losses					<u>(1,888)</u>
					<u>133,888</u>

BRI assessed investment in associated entities individually for impairment based on whether an objective evidence of impairment exists.

As of December 2010, all investments were classified as "Current", except for investment in associated entities of PT Sarana Bersama Pembiayaan Indonesia which was classified as "Loss".

In 2012, 2011 and 2010, BRI received cash dividends from PT Pemeringkat Efek Indonesia amounted to Rp158, Rp134 and Rp147, respectively, from the distribution of income at the end of year 2011, 2010 and 2009.

Movements in the allowance for impairment losses on investment in associated entities:

	2012	2011	2010
Beginning balance *)	536	1,891	1,662
Allowance (reversal) during the year (Note 32)	-	(1,355)	226
Ending balance	<u>536</u>	<u>536</u>	<u>1,888</u>

*) The beginning balance in 2011 represents additional balance of BRI Agro (Subsidiary) which amounted to Rp3.

The minimum allowance for impairment losses on investment in associated entities provided amounted to Rp1,888 as of December 31, 2010.

Management believes that the allowance for impairment losses on investment in associated entities is adequate.

Information with respect to classification of not impaired and impaired financial assets is disclosed in Note 37.

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16. PREMISES AND EQUIPMENT

Premises and equipment consist of:

Description	2012			Ending Balance
	Beginning Balance	Additions	Deductions	
<u>Carrying Value</u>				
<u>Direct Ownership</u>				
Landrights	287,257	31,421	421	318,257
Buildings	1,730,115	201,610	13,301	1,918,424
Motor vehicles	658,286	216,977	36,175	839,088
Computers and machineries	2,423,651	916,539	138,334	3,201,856
Furniture and fixtures	890,844	78,743	28,596	940,991
Museum assets	184	-	-	184
	5,990,337	1,445,290	216,827	7,218,800
<u>Assets under finance leases</u>	7	-	-	7
Total Carrying Value	5,990,344	1,445,290	216,827	7,218,807
<u>Accumulated Depreciation</u>				
<u>Direct Ownership</u>				
Buildings	850,930	78,483	34,140	895,273
Motor vehicles	513,781	54,780	28,225	540,336
Computers and machineries	2,077,804	212,059	56,008	2,233,855
Furniture and fixtures	695,004	72,074	22,108	744,970
	4,137,519	417,396	140,481	4,414,434
<u>Assets under finance leases</u>	7	-	-	7
Total Accumulated Depreciation	4,137,526	417,396	140,481	4,414,441
Net Book Value	1,852,818			2,804,366

Description	2011			Ending Balance
	Beginning Balance	Additions ^{*)}	Deductions	
<u>Carrying Value</u>				
<u>Direct Ownership</u>				
Landrights	244,339	43,558	640	287,257
Buildings	1,566,749	166,317	2,951	1,730,115
Motor vehicles	550,400	128,224	20,338	658,286
Computers and machineries	2,289,157	168,472	33,978	2,423,651
Furniture and fixtures	753,412	143,403	5,971	890,844
Museum assets	184	-	-	184
	5,404,241	649,974	63,878	5,990,337
<u>Assets under finance leases</u>	772	-	765	7
Total Carrying Value	5,405,013	649,974	64,643	5,990,344

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16. PREMISES AND EQUIPMENT (continued)

Description	2011			Ending Balance
	Beginning Balance	Additions ^{*)}	Deductions	
<u>Accumulated Depreciation</u>				
<u>Direct Ownership</u>				
Buildings	736,700	116,471	2,241	850,930
Motor vehicles	503,047	30,599	19,865	513,781
Computers and machineries	1,998,058	110,799	31,053	2,077,804
Furniture and fixtures	597,491	101,951	4,438	695,004
	3,835,296	359,820	57,597	4,137,519
<u>Assets under finance leases</u>	772	-	765	7
Total Accumulated Depreciation	3,836,068	359,820	58,362	4,137,526
Net Book Value	1,568,945			1,852,818

*) Included in the addition of premises and equipment is the beginning balance of the premises and equipment of the acquired Subsidiary, BRI Agro (Carrying Value of Rp49,196 and Accumulated Depreciation of Rp37,063).

Description	2010			Ending Balance
	Beginning Balance	Additions	Deductions	
<u>Carrying Value</u>				
<u>Direct Ownership</u>				
Landrights	231,542	12,857	60	244,339
Buildings	1,349,813	217,536	600	1,566,749
Motor vehicles	536,252	28,765	14,617	550,400
Computers and machineries	2,159,138	154,802	24,783	2,289,157
Furniture and fixtures	664,860	97,952	9,400	753,412
Museum assets	184	-	-	184
	4,941,789	511,912	49,460	5,404,241
<u>Assets under finance leases</u>	3,219	-	2,447	772
Total Carrying Value	4,945,008	511,912	51,907	5,405,013
<u>Accumulated Depreciation</u>				
<u>Direct Ownership</u>				
Buildings	669,908	67,194	402	736,700
Motor vehicles	486,919	30,082	13,954	503,047
Computers and machineries	1,877,748	142,788	22,478	1,998,058
Furniture and fixtures	541,238	62,528	6,275	597,491
	3,575,813	302,592	43,109	3,835,296
<u>Assets under finance leases</u>	2,983	138	2,349	772
Total Accumulated Depreciation	3,578,796	302,730	45,458	3,836,068
Net Book Value	1,366,212			1,568,945

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16. PREMISES AND EQUIPMENT (continued)

Depreciation of premises and equipment charged to the consolidated statements of comprehensive income amounted to Rp417,396, Rp322,757 and Rp302,730 for the years ended December 31, 2012, 2011 and 2010, respectively (Note 34).

BRI insured its premises and equipment (excluding landrights) from losses due to risks of fire and theft to PT Asuransi Bringin Sejahtera Artha Makmur (related party) and PT Asuransi Jasa Tania, with coverage amount of Rp8,813,509, Rp7,934,117 and Rp7,513,307 for the years ended December 31, 2012, 2011 and 2010, respectively.

Management believes that there is no impairment in the value of premises and equipment as of December 31, 2012, 2011 and 2010.

17. OTHER ASSETS

Other assets consist of:

	2012	2011	2010
<u>Rupiah</u>			
Prepaid expenses	866,545	671,315	614,699
Deferred expense for employee loans (Note 12f)	708,141	629,188	757,608
Interest receivables			
Securities	368,106	321,551	171,967
Government Recapitalization Bonds	47,508	331,783	575,703
Placements with Bank Indonesia and other banks	4,718	1,449	1,392
Others	714	-	-
Office supplies	185,663	202,258	194,108
Foreclosed Collaterals	49,544	75,845	39,290
Others	3,635,864	2,119,229	2,452,221
	<u>5,866,803</u>	<u>4,352,618</u>	<u>4,806,988</u>
<u>Foreign currencies</u>			
Interest receivables			
Securities	54,865	50,902	43,639
Others	37,314	27,538	15,080
Prepaid expenses	112	2,012	1,732
Others	2,746	860,435	216,482
	<u>95,037</u>	<u>940,887</u>	<u>276,933</u>
Total	5,961,840	5,293,505	5,083,921
Less: Allowance for impairment losses	-	-	(203,142)
	<u>5,961,840</u>	<u>5,293,505</u>	<u>4,880,779</u>

As of December 31, 2010, the allowance for impairment losses mainly represents allowance for suspense accounts in branches, other receivables from third parties, allowance for possible losses on actual cases, foreclosed collaterals and abandoned properties.

Management believes that the allowance for impairment losses on other assets is adequate.

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18. LIABILITIES DUE IMMEDIATELY

Liabilities due immediately consist of:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Rupiah</u>			
Advance payment deposits	897,627	711,751	692,391
Remittance deposits	352,431	45,493	58,316
Tax payment deposits	188,224	202,137	157,826
Insurance deposits	135,729	156,759	161,402
Credit card deposits	118,883	38,667	267,895
Deposits for channeling loans	56,595	56,009	57,194
Deposits for clearing	30,511	33,254	15,347
Bank drafts and BRI travelers' checks (Cepebri)	22,075	25,040	37,171
Others	2,872,738	2,618,861	2,610,736
	<u>4,674,813</u>	<u>3,887,971</u>	<u>4,058,278</u>
<u>Foreign currencies</u>			
Remittance deposits	111	348	347
Others	236,928	73,321	65,014
	<u>237,039</u>	<u>73,669</u>	<u>65,361</u>
	<u>4,911,852</u>	<u>3,961,640</u>	<u>4,123,639</u>

19. DEMAND DEPOSITS

Demand deposits consist of:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Third parties</u>			
Rupiah	52,851,673	51,225,981	65,704,038
Foreign currencies	8,322,256	6,220,301	5,862,602
	<u>61,173,929</u>	<u>57,446,282</u>	<u>71,566,640</u>
<u>Related parties (Note 43)</u>			
Rupiah	16,135,876	14,720,488	4,423,822
Foreign currencies	2,093,409	4,096,130	1,058,235
	<u>18,229,285</u>	<u>18,816,618</u>	<u>5,482,057</u>
	<u>79,403,214</u>	<u>76,262,900</u>	<u>77,048,697</u>

Range of annual interest rates for demand deposits are as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Rupiah	0.00 - 2.50%	0.00 - 3.00%	0.00 - 3.00%
Foreign currencies	0.00 - 1.00	0.00 - 0.25	0.00 - 0.75

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19. DEMAND DEPOSITS (continued)

The details of demand deposits in foreign currencies as of December 31, 2012, 2011 and 2010 amounted to Rp9,259,310, Rp9,630,558 and Rp6,348,219 in United States Dollar, Rp535,788, Rp298,640 and Rp402,609 in European Euro, Rp188,038, Rp160,390 and Rp27,163 in Singapore Dollar, Rp156,395, Rp108,782 and RpNil in Chinese Yuan, Rp213,664, Rp77,776 and Rp45,276 in Great Britain Pound Sterling, Rp7,272, Rp25,551 and Rp6,649 in Japanese Yen, Rp44,686, Rp11,582 and Rp38,198 in Hong Kong Dollar and Rp5,921, RpNil and RpNil in Saudi Arabian Riyal, Rp4,591, Rp3,152 and Rp52,723 in Australian Dollar, respectively.

Demand deposits used as collateral for banking facilities granted by BRI amounted to Rp56,833, Rp64,050 and Rp3,230 as of December 31, 2012, 2011 and 2010, respectively.

20. SAVING DEPOSITS

Saving deposits consist of:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Third parties</u>			
<u>Rupiah</u>			
Simpedes	109,024,862	91,183,270	76,255,535
Britama	69,655,010	59,354,579	47,096,445
Others	3,488,379	2,075,510	1,613,718
	<u>182,168,251</u>	<u>152,613,359</u>	<u>124,965,698</u>
<u>Related parties (Note 43)</u>			
<u>Rupiah</u>			
Britama	297,204	29,080	231,820
Simpedes	1,766	-	-
Others	14,465	1,020	-
	<u>313,435</u>	<u>30,100</u>	<u>231,820</u>
	<u>182,481,686</u>	<u>152,643,459</u>	<u>125,197,518</u>

Range of annual interest rates for saving deposits are as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Rupiah	0.00 - 5.50%	0.00 - 5.50%	0.00 - 4.00%

21. TIME DEPOSITS

Time deposits consist of:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Third parties</u>			
<u>Rupiah</u>	105,067,723	109,639,658	82,480,026
<u>Foreign currencies</u>	28,488,857	17,859,908	17,282,840
	<u>133,556,580</u>	<u>127,499,566</u>	<u>99,762,866</u>

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21. TIME DEPOSITS (continued)

Time deposits consist of (continued):

	2012	2011	2010
<u>Related parties (Note 43)</u>			
Rupiah	36,300,317	15,038,243	21,341,270
Foreign currencies	7,410,340	3,469,172	5,205,450
	43,710,657	18,507,415	26,546,720
	177,267,237	146,006,981	126,309,586

Time deposits based on their contractual periods are as follows:

	2012	2011	2010
<u>Third parties</u>			
<u>Rupiah</u>			
Deposits on call	8,640,037	8,685,277	7,848,213
Deposits			
1 month	65,689,511	57,662,930	42,628,246
3 months	17,917,049	17,792,377	11,364,271
6 months	8,054,826	5,877,241	3,399,702
12 months	4,455,948	19,376,504	17,057,141
More than 12 months	310,352	245,329	182,453
	105,067,723	109,639,658	82,480,026
<u>Foreign currencies</u>			
Deposits on call	1,286,886	2,199,514	877,604
Deposits			
1 month	8,736,039	5,844,233	8,475,103
3 months	5,866,620	2,537,479	1,773,356
6 months	7,286,207	4,151,461	3,016,867
12 months	5,311,922	3,125,944	3,138,207
More than 12 months	1,183	1,277	1,703
	28,488,857	17,859,908	17,282,840
	133,556,580	127,499,566	99,762,866
<u>Related parties (Note 43)</u>			
<u>Rupiah</u>			
Deposits on call	3,266,429	2,251,958	5,516,844
Deposits			
1 month	5,670,758	7,052,168	7,161,512
3 months	688,879	535,923	533,662
6 months	46,660	43,098	11,660
12 months	26,627,591	5,155,096	8,117,592
	36,300,317	15,038,243	21,341,270

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21. TIME DEPOSITS (continued)

Time deposits based on their contractual periods are as follows (continued):

	2012	2011	2010
<u>Related parties (Note 43) (continued)</u>			
<u>Foreign currencies</u>			
Deposits on call	1,905,871	436,384	1,765,311
Deposits			
1 month	5,490,377	2,977,383	3,429,998
3 months	1,602	45,894	2,050
6 months	2,409	27	2,685
12 months	10,081	9,484	5,406
	7,410,340	3,469,172	5,205,450
	43,710,657	18,507,415	26,546,720
	177,267,237	146,006,981	126,309,586

Range of annual interest rates for time deposits are as follows:

	2012	2011	2010
Rupiah	4.25 - 6.00%	5.00 - 6.00%	5.50 - 7.00%
Foreign currencies	0.00 - 1.50	0.15 - 1.00	0.25 - 1.50

The details of time deposits in foreign currencies as of December 31, 2012, 2011 and 2010 amounted to Rp30,537,118, Rp17,074,486 and Rp22,259,131 in United States Dollar, Rp5,122,143, Rp4,089,697 and RpNil in Chinese Yuan, Rp237,017, Rp163,649 and Rp227,699 in European Euro and Rp2,419, Rp1,248 and Rp1,460 in Singapore Dollar and Rp500, RpNil and RpNil in Australian Dollar, respectively.

Time deposits used as collateral for banking facilities granted by BRI amounted to Rp48,471, Rp145,418 and Rp108,933 as of December 31, 2012, 2011 and 2010, respectively.

22. DEPOSITS FROM OTHER BANKS AND FINANCIAL INSTITUTIONS

Deposits from other banks and financial institutions consist of:

	2012	2011	2010
<u>Third parties</u>			
<u>Rupiah</u>			
Demand deposits	104,582	61,358	80,010
Saving deposits	3,983	22,997	7,510
Deposits on call	-	2,400,000	2,578,500
Time deposits	1,299,493	974,458	1,151,906
Inter-bank call money	30,000	80,000	425,000
	1,438,058	3,538,813	4,242,926
<u>Foreign currencies</u>			
Demand deposits	2,778	10,640	168
Time deposits	-	18,135	144,368
Inter-bank call money	682,208	114,666	360,400
	684,986	143,441	504,936

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22. DEPOSITS FROM OTHER BANKS AND FINANCIAL INSTITUTIONS (continued)

Deposits from other banks and financial institutions consists of (continued):

	2012	2011	2010
<u>Related Parties (Note 43)</u>			
<u>Rupiah</u>			
Demand deposits	3,699	10,559	253
Time deposits	50,000	50,000	192,000
Inter-bank call money	120,000	100,000	40,000
	173,699	160,559	232,253
<u>Foreign currencies</u>			
Inter-bank call money	481,875	181,350	180,200
	2,778,618	4,024,163	5,160,315

Deposits from other banks and financial institutions consist of demand deposits, saving deposits, time deposits and inter-bank call money based on Sharia banking principles amounted to Rp5,650, RpNil, Rp934,643 and Rp150,000, respectively as of December 31, 2012, Rp3,087, Rp2,033, Rp555,405 and Rp150,000, respectively as of December 31, 2011 and Rp4,468, Rp903, Rp666,356 and Rp40,000, respectively as of December 31, 2010.

Range of annual interest rates for deposits from other banks and financial institutions are as follows:

	Rupiah			Foreign Currency		
	2012	2011	2010	2012	2011	2010
Demand deposits	0.00 - 2.50%	0.00 - 3.00%	0.00 - 3.00%	0.00 - 0.25%	0.00 - 0.25%	0.00 - 0.75%
Saving deposits	1.00 - 2.00	1.50 - 2.50	2.00 - 2.50	-	-	-
Deposits on call	0.00 - 5.50	4.75 - 7.25	4.90 - 7.00	-	-	-
Time deposits	4.00 - 6.50	5.00 - 7.25	5.50 - 8.00	0.00 - 2.35	0.75 - 2.30	0.25 - 2.50
Inter-bank call money	3.60 - 3.75	4.50 - 6.80	5.55 - 6.50	0.12 - 0.50	0.12 - 0.60	0.12 - 0.30

The classification of deposits from other banks and financial institutions based on their remaining period to maturity are as follows:

	2012			
	≤ 1 month	> 1 - 3 months	> 3 months - 1 year	Total
<u>Third parties</u>				
<u>Rupiah</u>				
Demand deposits	104,582	-	-	104,582
Saving deposits	3,983	-	-	3,983
Time deposits	1,285,056	11,250	3,187	1,299,493
Inter-bank call money	30,000	-	-	30,000
	1,423,621	11,250	3,187	1,438,058
<u>Foreign Currency</u>				
Demand deposits	2,778	-	-	2,778
Inter-bank call money	337,312	-	344,896	682,208
	340,090	-	344,896	684,986

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22. DEPOSITS FROM OTHER BANKS AND FINANCIAL INSTITUTIONS (continued)

The classification of deposits from other banks and financial institutions based on their remaining period to maturity are as follows (continued):

		2012			
		≤ 1 month	> 1 - 3 months	> 3 months - 1 year	Total
<u>Related parties (Note 43)</u>					
<u>Rupiah</u>					
Demand deposits		3,699	-	-	3,699
Time deposits		50,000	-	-	50,000
Inter-bank call money		120,000	-	-	120,000
		<u>173,699</u>	<u>-</u>	<u>-</u>	<u>173,699</u>
<u>Foreign Currency</u>					
Inter-bank call money		481,875	-	-	481,875
		<u>2,419,285</u>	<u>11,250</u>	<u>348,083</u>	<u>2,778,618</u>
		2011			
		≤ 1 month	> 1 - 3 months	> 3 months - 1 year	Total
<u>Third parties</u>					
<u>Rupiah</u>					
Demand deposits		61,358	-	-	61,358
Saving deposits		22,997	-	-	22,997
Deposits on call		2,400,000	-	-	2,400,000
Time deposits		974,458	-	-	974,458
Inter-bank call money		80,000	-	-	80,000
		<u>3,538,813</u>	<u>-</u>	<u>-</u>	<u>3,538,813</u>
<u>Foreign Currency</u>					
Demand deposits		10,640	-	-	10,640
Time deposits		18,135	-	-	18,135
Inter-bank call money		-	-	114,666	114,666
		<u>28,775</u>	<u>-</u>	<u>114,666</u>	<u>143,441</u>
<u>Related parties (Note 43)</u>					
<u>Rupiah</u>					
Demand deposits		10,559	-	-	10,559
Time deposits		50,000	-	-	50,000
Inter-bank call money		100,000	-	-	100,000
		<u>160,559</u>	<u>-</u>	<u>-</u>	<u>160,559</u>
<u>Foreign Currency</u>					
Inter-bank call money		181,350	-	-	181,350
		<u>3,909,497</u>	<u>-</u>	<u>114,666</u>	<u>4,024,163</u>

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22. DEPOSITS FROM OTHER BANKS AND FINANCIAL INSTITUTIONS (continued)

The classification of deposits from other banks and financial institutions based on their remaining period to maturity are as follows (continued):

	2010			Total
	≤ 1 month	> 1 - 3 months	> 3 months - 1 year	
<u>Third parties</u>				
<u>Rupiah</u>				
Demand deposits	80,010	-	-	80,010
Saving deposits	7,510	-	-	7,510
Deposits on call	2,578,500	-	-	2,578,500
Time deposits	1,151,790	116	-	1,151,906
Inter-bank call money	425,000	-	-	425,000
	<u>4,242,810</u>	<u>116</u>	<u>-</u>	<u>4,242,926</u>
<u>Foreign Currency</u>				
Demand deposits	168	-	-	168
Time deposits	144,368	-	-	144,368
Inter-bank call money	360,400	-	-	360,400
	<u>504,936</u>	<u>-</u>	<u>-</u>	<u>504,936</u>
<u>Related parties (Note 43)</u>				
<u>Rupiah</u>				
Demand deposits	253	-	-	253
Time deposits	192,000	-	-	192,000
Inter-bank call money	40,000	-	-	40,000
	<u>232,253</u>	<u>-</u>	<u>-</u>	<u>232,253</u>
<u>Foreign Currency</u>				
Inter-bank call money	180,200	-	-	180,200
	<u>5,160,199</u>	<u>116</u>	<u>-</u>	<u>5,160,315</u>

23. SECURITIES SOLD UNDER AGREEMENT TO REPURCHASE

Securities sold under agreement to repurchase consist of:

Type of Securities	2011			
	Terms (day)	Repurchase Date	Nominal Amount	Repurchase Price - Net
<u>Rupiah</u>				
Deutsche Bank, AG Government Recapitalization Bond Series FR0017	87	January 12, 2012	100,000	102,681
			<u>100,000</u>	<u>102,681</u>

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23. SECURITIES SOLD UNDER AGREEMENT TO REPURCHASE (continued)

Securities sold under agreement to repurchase consist of (continued):

Type of Securities	2010			
	Terms (day)	Repurchase Date	Nominal Amount	Repurchase Price - Net
<u>Rupiah</u>				
Deutsche Bank, AG				
Government Recapitalization				
Bond				
Series FR0017	94	January 17, 2011	100,000	102,752
<u>Foreign currency</u>				
Barclays Bank, PLC				
Government bonds				
Series RI0014	730	September 29, 2011	207,230	162,385
Series RI0015	730	September 29, 2011	63,070	49,422
Series RI0016	730	September 29, 2011	27,030	21,181
Series RI0017	730	September 29, 2011	45,050	35,301
Series RI0018	730	September 29, 2011	99,110	77,662
Series RI0035	730	September 29, 2011	27,030	21,181
Series RI0037	730	September 29, 2011	45,050	35,301
Series RI0038	730	September 29, 2011	27,030	21,180
			540,600	423,613
			640,600	526,365

24. FUND BORROWINGS

Fund borrowings consist of:

	2012	2011	2010
<u>Rupiah</u>			
<u>Third parties</u>			
Bank Indonesia			
Liquidity loans	28,410	53,911	62,147
Borrowings for investments in premises and equipment	-	-	32,092
Others	12,376	12,376	12,376
	40,786	66,287	106,615
<u>Related parties (Note 43)</u>			
Borrowings from Lembaga Pembiayaan Ekspor Indonesia			
	150,987	149,791	-
Borrowings from PT Sarana Multigriya Finansial (Persero)			
	100,000	-	-
Borrowings from PT Permodalan Nasional Madani (Persero)			
	25,234	82,634	-
	276,221	232,425	-
	317,007	298,712	106,615

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24. FUND BORROWINGS (continued)

Fund borrowings consist of (continued):

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Foreign currencies</u>			
<u>Third parties</u>			
Bilateral borrowings	1,927,500	2,946,938	2,703,000
Others	8,644,248	9,852,266	6,644,930
	<u>10,571,748</u>	<u>12,799,204</u>	<u>9,347,930</u>
	<u>10,888,755</u>	<u>13,097,916</u>	<u>9,454,545</u>

The classification of fund borrowings based on their remaining period until maturity is as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Third parties</u>			
<u>Rupiah</u>			
> 1 month - 3 months	4,066	4,441	9,494
> 3 months - 1 year	15,130	18,613	16,819
> 1 year - 5 years	7,886	21,825	60,365
> 5 years	13,704	21,408	19,937
	<u>40,786</u>	<u>66,287</u>	<u>106,615</u>
<u>Related Parties (Note 43)</u>			
<u>Rupiah</u>			
> 1 month - 3 months	125,423	100,112	-
> 3 months - 1 year	50,798	129,186	-
> 1 year - 5 years	100,000	3,127	-
	<u>276,221</u>	<u>232,425</u>	<u>-</u>
	<u>317,007</u>	<u>298,712</u>	<u>106,615</u>
<u>Foreign currencies</u>			
≤ 1 month	1,692,127	-	695,397
> 1 month - 3 months	3,467,951	2,176,522	4,675,348
> 3 months - 1 year	5,411,670	10,622,682	3,749,307
> 1 year - 5 years	-	-	227,878
	<u>10,571,748</u>	<u>12,799,204</u>	<u>9,347,930</u>
	<u>10,888,755</u>	<u>13,097,916</u>	<u>9,454,545</u>

Other significant information related to fund borrowings is as follows:

a) Borrowings from Bank Indonesia

(i) Liquidity Loans

This account represents credit facilities obtained from Bank Indonesia that are channeled to BRI's debtors for purposes of Investment Loans, Primary Cooperatives of Sugar Cane Farmers Loans, BULOG and Village Cooperative Units Loans, Permanent Working Capital Loans, Fertilizer and others.

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24. FUND BORROWINGS (continued)

Other significant information related to fund borrowings are as follows (continued):

a) Borrowings from Bank Indonesia (continued)

(i) Liquidity Loans (continued)

The classification of liquidity loans from Bank Indonesia based on their remaining period to maturity as of December 31, 2012, 2011 and 2010 is as follows:

	2012	2011	2010
> 1 month - 3 months	4,066	4,440	9,494
> 3 months - 1 year	15,130	18,613	16,819
> 1 year - 5 years	9,214	21,825	35,834
> 5 years	-	9,033	-
	28,410	53,911	62,147

The range of annual interest rates on these loans are 3.75% - 7.00% for the years 2012, 2011 and 2010.

(ii) Borrowings for Investments in Premises and Equipment

This account represents loans obtained for the construction of certain offices of BRI's micro units all over Indonesia.

The annual interest rate on these borrowings is 5.00% for the year ended Desember 31, 2010. These borrowings have been settled in July 2011.

b) Borrowings from PT Permodalan Nasional Madani (Persero), Lembaga Pembiayaan Ekspor Indonesia and PT Sarana Multigriya Finansial (Persero)

Borrowing from PT Permodalan Nasional Madani (Persero) represents loan facilities used to refinance debtors of BRI Agro (Subsidiary) for investment loan purposes, among others are Koperasi Primer untuk Anggotanya (KKPA), Koperasi Petani Sawit Makmur, Koperasi Perkebunan Belimbing Makmur and others.

Borrowing from Lembaga Pembiayaan Ekspor Indonesia represents loan facilities used to refinance the debtors of BRI Agro (Subsidiary), among others are KUD Delima Sakti, Kopbun Siampo, KUD Hidup Baru and others.

The annual interest rate range for borrowing from PT Permodalan Nasional Madani (Persero) and Lembaga Pembiayaan Ekspor Indonesia is 6.75% - 8.25% for the years 2012 and 2011.

Borrowing from PT Sarana Multigriya Finansial (Persero) represents *mudharabah* financing facility obtained by BRIS (Subsidiary) used for mortgage loan. The financing facility is of 5 (five) years period and the agreed *nisbah* portion for PT Sarana Multigriya Finansial (Persero) and BRIS are 63.46% and 36.54%, respectively.

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24. FUND BORROWINGS (continued)

Other significant information related to fund borrowings is as follows (continued):

c) Bilateral Borrowings

On September 29, 2009 and September 27, 2010, BRI obtained bilateral loan from Standard Chartered Bank and PT Bank Pan Indonesia Tbk (Panin Bank) which amounted to USD100,000,000 and USD200,000,000, respectively, which were used to fulfill liquidity needs in anticipation of BRI's business expansion. The annual interest rates of the facilities from Standard Chartered Bank and Panin Bank are LIBOR plus 4.00% margin annually and LIBOR plus 3.75% margin annually, respectively, payable every 3 (three) months. These facilities were settled on September 29, 2011 and September 27, 2011, respectively.

On October 18, 2011, BRI obtained bilateral loan from Standard Chartered Bank which amounted to USD100,000,000 to fulfill liquidity needs in anticipation of BRI's business expansion with annual interest rate of LIBOR plus 1.60% annually, payable every 3 (three) months. This facility was settled on October 19, 2012. This borrowing was collateralized by Credit Linked Notes (CLN) of Standard Chartered Bank and HSBC which amounted to USD90,000,000 and USD70,000,000, respectively (Note 7d).

On August 26, 2011 and September 27, 2011, BRI obtained bilateral loan with PT Bank Pan Indonesia Tbk (Panin Bank) amounted to USD25,000,000 and USD200,000,000, respectively, to fulfill liquidity needs in anticipation of BRI's business expansion with annual interest rate of LIBOR plus 1.20% annually and LIBOR plus 2.20% margin annually, respectively, payable every 3 (three) months. The facility amounted to USD25,000,000 has been settled on August 26, 2012.

The maturity date of loan facilities amounted to USD200,000,000 was divided into two stages, the first USD100,000,000 will be paid on August 27, 2012, while the second USD100,000,000 will be paid on September 27, 2012. At the maturity date of the first USD100,000,000 loan, on August 27, 2012, the facility is extended by changing the interest rate at LIBOR plus 2% margin annually. While, at the maturity date for the second USD100,000,000, on the September 27, 2012, the facility is extended by changing the interest rate at LIBOR plus 1.5% margin annually. The maturity of this loan become September 27, 2013. These borrowings is secured by BRI's corporate guarantee.

d) Other Borrowings

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Rupiah</u>			
Others	12,376	12,376	12,376
<u>Foreign currencies</u>			
Standard Chartered Bank	1,455,662	-	901,073
The Royal Bank of Scotland	1,253,446	1,700,978	1,661,743
Citibank, N.A.	1,208,692	852,345	40,857
Oversea-Chinese Banking Corporation Ltd	940,969	2,041,956	3,027,612
JP Morgan Chase Bank, N.A.	877,190	807,914	-
Commerzbank, A.G.	833,163	-	1,672
Wells Fargo	722,812	1,360,125	-
The Bank of New York Mellon	489,006	226,688	-
Sumitomo Mitsui Banking Corporation	333,245	995,311	144,895
Bank of America N.A.	289,125	597,499	417,952
Australia and New Zealand Bank	240,938	544,050	-
Bank of Montreal	-	544,050	-

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24. FUND BORROWINGS (continued)

Other significant information related to fund borrowings is as follows (continued):

d) Other Borrowings (continued)

	2012	2011	2010
<u>Foreign currencies (continued)</u>			
The Bank of Tokyo Mitshubishi UFJ, Ltd	-	181,350	-
CoBank	-	-	449,126
	<u>8,644,248</u>	<u>9,852,266</u>	<u>6,644,930</u>
	<u>8,656,624</u>	<u>9,864,642</u>	<u>6,657,306</u>

Other borrowings facilities represent short-term borrowings obtained from several foreign banks with terms from 1 (one) month up to 3 (three) years and bear interest rate at LIBOR or SIBOR plus a certain margin, including refinancing borrowing facilities which are collateralized by letters of credit issued by BRI.

25. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES

a) The details of estimated losses on commitments and contingencies which bear credit risk are as follows:

	2012	2011	2010
<u>Rupiah</u>			
Guarantees issued	414	152	21,262
Irrevocable L/C	-	-	2,645
	<u>414</u>	<u>152</u>	<u>23,907</u>
<u>Foreign currencies</u>			
Irrevocable L/C	-	-	50,545
Guarantees issued	-	-	18,970
	<u>-</u>	<u>-</u>	<u>69,515</u>
	<u>414</u>	<u>152</u>	<u>93,422</u>

b) Movements in estimated losses on commitments and contingencies:

	2012	2011	2010
<u>Rupiah</u>			
Beginning balance *)	152	24,260	20,693
(Reversal) provision during the year	262	(24,108)	3,214
Ending balance	<u>414</u>	<u>152</u>	<u>23,907</u>
<u>Foreign currencies</u>			
Beginning balance	-	69,515	81,044
Reversal during the year	-	(69,515)	(11,529)
Ending balance	<u>-</u>	<u>-</u>	<u>69,515</u>
	<u>414</u>	<u>152</u>	<u>93,422</u>

*) The beginning balance in 2011 represents additional balance of BRI Agro (Subsidiary) which amounted to Rp353.

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25. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES (continued)

b) Movements in estimated losses on commitments and contingencies (continued):

The minimum estimated losses on commitments and contingencies provided were based on Bank Indonesia regulation amounted to Rp414, Rp152 and Rp93,422 as of December 31, 2012, 2011 and 2010, respectively.

c) The collectibility of commitments and contingencies in administrative accounts (Notes 2aj and 42):

	2012					
	Current	Special Mention	Substandard	Doubtful	Loss	Total
<u>Third parties</u>						
<u>Rupiah</u>						
Guarantees issued	2,238,507	-	-	-	-	2,238,507
Irrevocable L/C	126,012	-	-	-	-	126,012
	<u>2,364,519</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,364,519</u>
<u>Foreign currencies</u>						
Irrevocable L/C	6,037,299	-	-	-	-	6,037,299
Guarantees issued	4,578,886	-	-	-	-	4,578,886
	<u>10,616,185</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,616,185</u>
<u>Related parties</u>						
<u>(Note 43)</u>						
<u>Rupiah</u>						
Guarantees issued	1,463,576	-	-	-	-	1,463,576
Irrevocable L/C	324,284	-	-	-	-	324,284
	<u>1,787,860</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,787,860</u>
<u>Foreign currencies</u>						
Irrevocable L/C	5,744,305	-	-	-	-	5,744,305
Guarantees issued	3,980,849	-	-	-	-	3,980,849
	<u>9,725,154</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,725,154</u>
	<u>24,493,718</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,493,718</u>

	2011					
	Current	Special Mention	Substandard	Doubtful	Loss	Total
<u>Third parties</u>						
<u>Rupiah</u>						
Guarantees issued	2,108,245	-	-	-	-	2,108,245
Irrevocable L/C	134,585	-	-	-	-	134,585
	<u>2,242,830</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,242,830</u>
<u>Foreign currencies</u>						
Irrevocable L/C	2,926,273	-	-	-	-	2,926,273
Guarantees issued	1,329,394	-	-	-	-	1,329,394
	<u>4,255,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,255,667</u>

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25. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES (continued)

- c) The collectibility of commitments and contingencies in administrative accounts (Notes 2aj and 42):
 (continued)

		2011					
		Current	Special Mention	Substandard	Doubtful	Loss	Total
<u>Related parties</u>							
<u>(Note 43)</u>							
<u>Rupiah</u>							
Guarantees issued		1,338,866	-	-	-	-	1,338,866
Irrevocable L/C		178,545	-	-	-	-	178,545
		<u>1,517,411</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,517,411</u>
<u>Foreign currencies</u>							
Irrevocable L/C		3,603,848	-	-	-	-	3,603,848
Guarantees issued		1,462,020	-	-	-	-	1,462,020
		<u>5,065,868</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,065,868</u>
		<u>13,081,776</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,081,776</u>
		2010					
		Current	Special Mention	Substandard	Doubtful	Loss	Total
<u>Third parties</u>							
<u>Rupiah</u>							
Guarantees issued		1,107,752	11,037	-	3,611	-	1,122,400
Irrevocable L/C		82,202	-	-	-	-	82,202
		<u>1,189,954</u>	<u>11,037</u>	<u>-</u>	<u>3,611</u>	<u>-</u>	<u>1,204,602</u>
<u>Foreign currencies</u>							
Irrevocable L/C		2,696,708	1,984	-	-	3,827	2,702,519
Guarantees issued		670,994	189	-	-	-	671,183
		<u>3,367,702</u>	<u>2,173</u>	<u>-</u>	<u>-</u>	<u>3,827</u>	<u>3,373,702</u>
<u>Related parties</u>							
<u>(Note 43)</u>							
<u>Rupiah</u>							
Guarantees issued		782,676	-	-	-	-	782,676
Irrevocable L/C		182,299	-	-	-	-	182,299
		<u>964,975</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>964,975</u>
<u>Foreign currencies</u>							
Irrevocable L/C		1,965,119	-	-	-	-	1,965,119
Guarantees issued		1,225,112	-	-	-	-	1,225,112
		<u>3,190,231</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,190,231</u>
		<u>8,712,862</u>	<u>13,210</u>	<u>-</u>	<u>3,611</u>	<u>3,827</u>	<u>8,733,510</u>

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26. OTHER LIABILITIES

Other liabilities consist of:

	2012	2011	2010
<u>Third parties</u>			
<u>Rupiah</u>			
Bonuses and incentives	2,093,570	1,473,927	2,123,124
Provision for grand leaves (Note 41e)	903,446	760,762	628,585
Provision for litigation liabilities (Note 44b)	826,661	968,064	517,189
Provision for gratuity for services (Note 41e)	825,709	670,744	548,777
Provision for work separation scheme (Note 41d)	684,438	564,814	515,410
Defined benefit pension plan (Note 41a)	573,290	546,712	258,567
Provision for timely-payment of interests (Note 2w)	494,150	392,199	359,256
Interests payable	488,539	504,263	446,442
Guarantee deposits	63,273	52,234	55,532
Provision for pension preparation period (Note 41e)	60,011	1,140,913	878,569
Unearned income	15,559	250,154	785,783
Others	2,391,790	1,862,858	2,343,381
	9,420,436	9,187,644	9,460,615
<u>Foreign currencies</u>			
Interest payable	57,065	60,004	51,092
Unearned income	35,799	80,227	5,353
Guarantee deposits	18,175	1,550	50,723
Others	226,943	190,636	198,243
	337,982	332,417	305,411
	9,758,418	9,520,061	9,766,026

27. SUBORDINATED LOANS

BRI obtained subordinated loans in Rupiah with details as follows:

	2012	2011	2010
<u>Rupiah</u>			
Subordinated Bond II	1,996,266	1,994,666	1,993,234
Two-step loans	120,296	141,622	162,947
	2,116,562	2,136,288	2,156,181

a) Subordinated Bond II

On December 22, 2009, BRI issued Rp2,000,000 "BRI Subordinated Bond II Year 2009" which are registered in the Indonesia Stock Exchange and bears a fixed interest rate. The Subordinated Bond II were issued at 100.00% of their nominal value with a fixed annual interest rate of 10.95%, payable every 3 (three) months. The Subordinated Bond II will be due and must be settled with the same value as the principal of the Subordinated Bond on December 22, 2014. Principal repayment of the Subordinated Bond can only be done after receiving approval from Bank Indonesia, however, if in the future the obligation to obtain approval from Bank Indonesia as stated above is no longer mandatory, therefore the principal repayment of the Subordinated Bond can be made without receiving the approval from Bank Indonesia.

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27. SUBORDINATED LOANS (continued)

a) Subordinated Bond II (continued)

The net proceeds from the issuance of the Subordinated Bond II are intended for loans expansion under a prudent principle.

The Subordinated Bond II are not guaranteed by special collateral nor guaranteed by the Republic of Indonesia or other third parties and are not included in the bank guarantee program implemented by the Deposit Insurance Agency (Lembaga Penjamin Simpanan/LPS) or other insurance corporation. BRI does not establish provision for principal repayment fund of the Subordinated Bond with consideration to optimize the use of the fund in accordance with the planning of the use of the issuance fund of the Subordinated Bond.

The issuance and classification of the Subordinated Bond II as subordinated loans were approved by Bank Indonesia, through its letter No. 11/90/DPB1/TPB1-3 dated November 11, 2009.

As of December 31, 2012, 2011 and 2010, "BRI Subordinated Bond II year 2009" obtained a "idAAA" rating from PT Pemingkat Efek Indonesia. The trustee of this Subordinated Bond is PT Bank Mandiri (Persero) Tbk.

The trustee agreement covers several covenants affecting BRI and requires a written approval from the trustee before conducting the following:

- Reduction of authorized, issued and paid capital stock, except as requested and or instructed by the Government of the Republic of Indonesia and or authorized parties (including but not limited to Bank Indonesia, Ministry of Finance of the Republic of Indonesia and Ministry of State-Owned Enterprises).
- Conduct merger and or separation and or dissolution and or acquisition, or allowing or giving approval to Subsidiaries to conduct merger and or separation and or dissolution and or acquisition, except as requested and or instructed by the Government of the Republic of Indonesia and or authorized parties (including but not limited to Bank Indonesia, Deposit Insurance Agency or other insurance corporation in accordance with the prevailing regulations, Ministry of Finance of the Republic of Indonesia and Ministry of State-Owned Enterprises), in accordance with the prevailing regulations, including but not limited to Bapepam-LK regulations.

BRI has complied with the above trustee agreement.

b) Two-step Loans

The two-step loans in Rupiah represent the loans from the Government which were funded by the Asian Development Bank (ADB), International Bank for Reconstruction and Development (IBRD), International Fund for Agricultural Development (IFAD), United States Agency for International Development (USAID) and Islamic Development Bank (IDB). The interest rates of these loans vary based on the respective agreements with terms ranged from 15 (fifteen) up to 40 (forty) years. The range of annual interest rates for subordinated loans were 0.00% - 5.83%, 0.00% - 6.14% and 0.00% - 7.03% for the years ended December 31, 2012, 2011 and 2010, respectively. The maturity of these loans are various up to 2027.

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27. SUBORDINATED LOANS (continued)

b) Two-step Loans (continued)

The classification of subordinated loans based on their remaining period until maturity is as follows:

	2012	2011	2010
<u>Rupiah</u>			
≤ 1 month	232	232	232
> 3 months - 1 year	21,093	21,093	21,093
> 1 year - 5 years	1,996,502	2,079,491	2,078,296
> 5 years	98,735	35,472	56,560
	2,116,562	2,136,288	2,156,181

28. EQUITY

a. Capital stock

The details of authorized, issued and fully paid capital stock of BRI as of December 31, 2012, 2011 (after the stock split) (Note 1c) and 2010 are as follows:

2012	Number of Shares	Nominal Value Per Share (Full Rupiah)	Share Value (Full Rupiah)	Percentage of Ownership
Authorized Capital Stock				
- Series A Dwiwarna share	1	250	250	0.00%
- Series B Common shares	59,999,999,999	250	14,999,999,999,750	100.00
Total Authorized Capital Stock	60,000,000,000		15,000,000,000,000	100.00%
Issued and Fully Paid Capital Stock				
Republic of Indonesia				
- Series A Dwiwarna share	1	250	250	0.00%
- Series B Common shares	13,999,999,999	250	3,499,999,999,750	56.75
Public				
- Series B Common shares	10,669,162,000	250	2,667,290,500,000	43.25
Total Issued and Fully Paid Capital Stock	24,669,162,000		6,167,290,500,000	100.00%
2011	Number of Shares	Nominal Value Per Share (Full Rupiah)	Share Value (Full Rupiah)	Percentage of Ownership
Authorized Capital Stock				
- Series A Dwiwarna share	1	250	250	0.00%
- Series B Common shares	59,999,999,999	250	14,999,999,999,750	100.00
Total Authorized Capital Stock	60,000,000,000		15,000,000,000,000	100.00%
Issued and Fully Paid Capital Stock				
Republic of Indonesia				
- Series A Dwiwarna share	1	250	250	0.00%
- Series B Common shares	13,999,999,999	250	3,499,999,999,750	56.75
Public				
- Series B Common shares	10,669,162,000	250	2,667,290,500,000	43.25
Total Issued and Fully Paid Capital Stock	24,669,162,000		6,167,290,500,000	100.00%

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28. EQUITY (continued)

a. Capital stock (continued)

2010	Number of Shares	Nominal Value Per Share (Full Rupiah)	Share Value (Full Rupiah)	Percentage of Ownership
Authorized Capital Stock				
- Series A Dwiwarna share	1	500	500	0.00%
- Series B Common shares	29,999,999,999	500	14,999,999,999,500	100.00
Total Authorized Capital Stock	30,000,000,000		15,000,000,000,000	100.00%
Issued and Fully Paid Capital Stock				
Republic of Indonesia				
- Series A Dwiwarna share	1	500	500	0.00%
- Series B Common shares	6,999,999,999	500	3,499,999,999,500	56.75
Public				
- Series B Common shares	5,334,581,000	500	2,667,290,500,000	43.25
Total Issued and Fully Paid Capital Stock	12,334,581,000		6,167,290,500,000	100.00%

Series A Dwiwarna share is the share that gives the shareholder preferential rights to approve the appointment or dismissal of Commissioners and Directors, changes in Articles of Association, approve on BRI's merger, dissolution, acquisition and separation, submission of request for bankruptcy and liquidation of BRI.

Series B shares are common shares that can be owned by the public.

Capital Structure

In response to the Management Contract entered into between the Government of the Republic of Indonesia, as represented by the Government through the Ministry of Finance and BRI on February 28, 2001, the Ministry of Finance issued the Decision Letter No. 427/KMK.02/2003 dated September 30, 2003 regarding the final amount and the implementation of the rights of the Government arising from the additional investment of the Republic of Indonesia in the capital of BRI in connection with the recapitalization program for commercial banks. Based on such Decision Letter, the Ministry of Finance determined that the final recapitalization requirement amount of BRI is Rp29,063,531 (Note 9).

The Government's rights arising from the additional investment of the state to BRI were implemented as follows: Rp29,063,531 converted to 3,272,000 new shares issued by BRI with a par value of Rp1 million per share and Rp25,791,531 from the recapitalization fund recorded as additional paid-in capital in BRI's capital structure. This decision of the Ministry of Finance has been implemented retrospectively since June 30, 2003.

Based on BRI's Shareholders' Extraordinary General Meeting held on October 3, 2003 as covered by notarial deed No. 6 dated October 3, 2003 of notary Imas Fatimah, S.H., BRI's shareholders decided on, among others, the following:

1. Capital restructuring of BRI as of June 30, 2003 arising from the recapitalization fund of Rp29,063,531 to increase BRI's issued and fully paid capital stock owned by the Republic of Indonesia from Rp1,728,000, consisting of 1,728,000 shares at a par value of Rp1 million per share, to become Rp5,000,000 consisting of 5,000,000 shares at the same par value per share and the balance of Rp25,791,531 recorded as additional paid-in capital.

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28. EQUITY (continued)

a. Capital stock (continued)

Capital Structure (continued)

2. Change in par value per share (stock split) from Rp1 million to Rp500 (full Rupiah).
3. Increase in BRI's authorized capital stock of Rp5 trillion, divided into 5,000,000 shares at a par value of Rp1 million per share, to Rp15 trillion divided into 30,000,000,000 shares at a par value of Rp500 (full Rupiah) per share.
4. Change in classification of BRI's shares to Series A Dwiwarna and Series B shares.
5. Utilization of general and specific reserves as of June 30, 2003 amounted to Rp1,386,616 to cover the accumulated losses as of June 30, 2003.
6. Quasi-reorganization plan of BRI as of June 30, 2003 to eliminate the accumulated losses of Rp24,699,387 against the recorded additional paid-in capital (Note 3).
7. Plan to undertake the Initial Public Offering (IPO) of BRI's shares.
8. Follow up actions on the amendments to the Articles of Association.
 - i. Agree on the change in the status of BRI, to be a Publicly Listed Limited Liability Company, thereafter the name will be changed from "PT Bank Rakyat Indonesia (Persero)", to "Perusahaan Perseroan (Persero) PT Bank Rakyat Indonesia Tbk" and simplified to "PT Bank Rakyat Indonesia (Persero) Tbk".
 - ii. Agree to change all provisions in the Articles of Association of BRI with revisions in accordance with Law No. 8 Year 1995 on "Capital Markets" and Decision of the Chairman of the Capital Market Supervisory Agency (Bapepam) No. KEP-13/PM/1997 dated April 30, 1997 on "The Main Provisions of the Articles of Association of a Company that Conduct an Initial Public Offering of Shares and Public Company".

The changes in BRI's Articles of Association in connection with the above Extraordinary General Shareholders' Meeting were covered in notarial deed No. 7 dated October 3, 2003 by notary Imas Fatimah, S.H. and were approved by the Ministry of Justice and Human Rights through its Decision Letter No. C-23726 HT.01.04.TH.2003 dated October 6, 2003.

Stock split was conducted based on Notarial Deed No.38 dated November 24, 2010, whereby the par value per share of Rp500 (full Rupiah) became Rp250 (full Rupiah) per share, effective January 11, 2011 (Note 1c).

Initial Public Offering (IPO) of BRI's Shares

On October 13, 2003, the President of the Republic of Indonesia issued Government Regulation No. 49 Year 2003 regarding the sale of a portion of shares of BRI owned by the Republic of Indonesia and issuance of new shares of BRI, excluding the participation from the Republic of Indonesia, through the capital market and or direct sale to investors.

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28. EQUITY (continued)

a. Capital stock (continued)

Initial Public Offering (IPO) of BRI's Shares (continued)

Based on the letter from the Chairman of Bapepam No. S-2646/PM/2003 dated October 31, 2003, the registration statement submitted by BRI in connection with the IPO of BRI's shares of 3,811,765,000 Series B common shares consisting of 2,047,060,000 Series B common shares owned by the Republic of Indonesia (divestment) and 1,764,705,000 new Series B common shares issued with a par value of Rp500 (full Rupiah) per share and initial offer price of Rp875 (full Rupiah) per share to the public, became effective October 31, 2003. Such offered shares were initially traded on November 10, 2003 and simultaneously all of BRI shares were listed on the Jakarta and Surabaya Stock Exchanges (currently the Indonesia Stock Exchange).

Subsequently, the over-subscription option of 381,176,000 Series B common shares owned by the Republic of Indonesia (divestment) and over-allotment option of 571,764,000 Series B common shares owned by the Republic of Indonesia (divestment) with a price of Rp875 (full Rupiah) per share were exercised on November 10, 2003 and December 3, 2003, respectively. After BRI's IPO and the exercise of the over-subscription option and the over-allotment option, the Republic of Indonesia owns 59.50% of the outstanding common shares of BRI.

Stock Allocation Program

Based on the above Extraordinary General Shareholders' Meeting, BRI's shareholders agreed to, among others, the employee and management stock ownership plan through an Employee Stock Allocation Program (ESA) and Management Stock Option Plan (MSOP). The ESA consists of a Bonus Share Plan, Shares Purchase at a Discount and Additional Shares Grant programs, while MSOP is granted to Directors and employees at certain levels and positions. Costs and discounts related to the ESA and MSOP programs are paid by the Bank through the allocation of reserves. The compensation cost relating to MSOP is recognized through stock options under equity. The management and execution of the ESA and MSOP programs are performed by the Directors, while the supervision is performed by the Board of Commissioners (Note 29).

In accordance with the MSOP, stock options which have been exercised by BRI's employees for the year ended December 31, 2010 amounted to Rp2,365 which consists of 4,728,500 shares. The additional paid up capital arising from the execution of the above stock options is added to the issued and fully paid capital and additional paid-in capital (Note 29).

b. Additional Paid-in Capital

	2012	2011	2010
Additional capital by the Government related to the recapitalization program	1,092,144	1,092,144	1,092,144
Previous balance of paid up capital from IPO by the Government	5	5	5

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28. EQUITY (continued)

b. Additional Paid-in Capital (continued)

	2012	2011	2010
Additional paid-in capital from IPO	589,762	589,762	589,762
Exercise of stock options (Note 29)			
Year 2004	49,514	49,514	49,514
Year 2005	184,859	184,859	184,859
Year 2006	619,376	619,376	619,376
Year 2007	140,960	140,960	140,960
Year 2008	29,013	29,013	29,013
Year 2009	14,367	14,367	14,367
Year 2010	43,062	43,062	43,062
Remaining MSOP Stage-I which already expired	504	504	504
Remaining MSOP Stage-II which already expired	1,845	1,845	1,845
Remaining MSOP Stage-III which already expired	8,447	8,447	8,447
	2,773,858	2,773,858	2,773,858

In line with the realization of the Recapitalization Program for Commercial Banks as set forth in Government Regulation No. 52 Year 1999 on the "Increase in Investment by the Republic of Indonesia in State-Owned Banks", the Government determined that the recapitalization requirement amount of BRI to achieve a CAR of 4% was Rp29,063,531. Up to June 30, 2003, the authorized and issued capital stock of BRI has not yet been increased by additional capital from the above recapitalization program, therefore, the paid up capital from the Government of Rp29,063,531 was recorded temporarily under "Additional Paid-in Capital" together with the previous balance of paid up capital of Rp5 from the Government.

Based on the Decision Letter No. 427/KMK.02/2003 dated September 30, 2003 of the Ministry of Finance as explained in letter a above, from the final recapitalization requirement of BRI amounted to Rp29,063,531, the amount of Rp3,272,000 was converted to paid up capital and the remaining balance of Rp25,791,531 was recorded as additional paid in capital (Note 28a). Moreover, with the implementation of the quasi-reorganization by BRI, the accumulated losses before quasi-reorganization as of June 30, 2003 amounted to Rp24,699,387 (Note 3) was eliminated against additional paid-in capital, resulting the additional paid-in capital amounted to Rp1,092,149 as of June 30, 2003.

On November 10, 2003, BRI conducted an IPO by issuing 1,764,705,000 new series B common shares with a par value of Rp500 (full Rupiah) per share at the offering price of Rp875 (full Rupiah) per share, resulting in additional paid-in capital as follows:

Total new Series B Common shares issued to the public under the IPO (shares)	1,764,705,000
Premium per share (full Rupiah)	375
Total premium on shares before discount	661,764
Less: - 3% discount given to BRI customers	(2,961)
- Cost of IPO	(69,041)
Additional paid-in capital from IPO	589,762

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28. EQUITY (continued)

b. Additional Paid-in Capital (continued)

The employees of BRI exercised their stock options starting on November 10, 2004 for MSOP I, November 10, 2005 for MSOP II and November 15, 2006 for MSOP III. During 2004 until 2010, stock options exercised totaled to 569,876,000 shares for MSOP I, II and III, which consist of 4,728,500 shares in 2010, 4,553,000 shares in 2009, 7,499,000 shares in 2008, 31,379,000 shares in 2007, 250,721,000 shares in 2006, 185,610,000 shares in 2005 and 85,385,500 shares in 2004. The additional paid-in capital arising from the exercise of stock options amounted to Rp43,062 in 2010, Rp14,367 in 2009, Rp29,013 in 2008, Rp140,960 in 2007, Rp619,376 in 2006, Rp184,859 in 2005 and Rp49,514 in 2004 (Note 29).

c. Differences Arising from Translation of Foreign Currency Financial Statements

This account represents the exchange rate differences resulting from the translation of the financial statement of the overseas branch/representative offices of BRI (Cayman Islands, New York and Hong Kong) from United States Dollar and Hong Kong Dollar to Indonesian Rupiah (Note 2ae). Assets and liabilities as well as commitments and contingencies denominated in foreign currencies were translated into Rupiah using the Reuters spot rates at 4.00 p.m. WIB (Western Indonesian time) on the statements of financial position date. The statements of comprehensive income for the year ended as of such date is derived from the accumulation of the monthly statements of comprehensive income balances which are translated into Rupiah by using the average exchange middle rate for the respective months.

d. Distribution of Net Income and Utilization of Appropriated Retained Earnings

Based on the Annual General Shareholders' Meetings of BRI held on March 28, 2012, April 28, 2011 and May 20, 2010, the Shareholders agreed to distribute the dividend from net income for the years ended December 31, 2011, 2010 and 2009 as follows:

	<u>Income 2011</u>	<u>Income 2010</u>	<u>Income 2009</u>
Dividends	3,016,585	1,727,950 ^{**)}	1,628,551 ^{*)}
General and specific reserves	150,829	286,810	950,078
Appropriation for partnership and environmental development funds	603,315	458,895	219,249

^{*)} Consists of dividends in the year 2009, amounted to Rp2,192,487 less interim dividends which was paid on December 16, 2009, amounted to Rp563,936.

^{**)} Consists of dividends in the year 2010, amounted to Rp2,294,477 less interim dividends which was paid on December 30, 2010, amounted to Rp566,527.

Based on the letter from the Ministry of State-Owned Enterprises No. S-705/MBU/2010 dated November 18, 2010, there is an interim dividend payment for the year 2010 amounted to Rp45.93 (full Rupiah) per share or a total of Rp566,527 which was approved by BRI's Directors based on BRI's Directors' Meeting dated November 29, 2010.

BRI recorded the allowance for *tantiem* in the current consolidated statements of comprehensive income in accordance with SFAS No. 24 (Revised 2004) on "Employee Benefits".

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29. MANAGEMENT STOCK OPTION PLAN (MSOP)

Based on the Extraordinary General Shareholders' Meeting held on October 3, 2003 as mentioned in notarial deed No. 6 of notary Imas Fatimah, S.H., the shareholders approved the issuance of stock options in 3 (three) stages (Note 28a). Stock options are granted to Directors and employees at certain levels and positions who fulfill the determined criteria.

MSOP stage-I was granted at the Initial Public Offering (IPO), while MSOP stage-II and MSOP stage-III will be granted each year after the MSOP stage-I. The number of stock options to be issued in MSOP stage-I through stage-III is at a maximum of 5% from the paid up capital of BRI within 3 (three) years without giving priority to the existing shareholders to exercise their rights.

a. MSOP Stage-I

In MSOP stage-I, the exercise price was 110% of the offering price with the option exercisable over 5 (five) years from the granting date. The MSOP vesting period is 1 (one) year. The number of stock options that can be exercised at the end of the first year from the granting date is at a maximum of 50% of the total options granted and the remaining can be executed at the end of the second year up to the end of the fifth year. On November 10, 2003, the date of listing of BRI's shares in the Jakarta Stock Exchange and Surabaya Stock Exchange (currently the Indonesia Stock Exchange), BRI agreed to grant 235,294,100 stock options with an exercise price of Rp962.5 (full Rupiah) per share or 110% of the offering price per share.

The fair value of stock options in MSOP stage-I granted on November 10, 2003 amounted to Rp117.39 (full Rupiah) per share, in accordance with the Valuation Report issued by PT Watson Wyatt Purbajaga dated March 17, 2004 using the Black Scholes option pricing model.

b. MSOP Stage-II

Based on BRI Annual General Shareholders' Meeting held on May 31, 2004, the shareholders granted MSOP stage-II with an exercise period of 5 (five) years and a vesting period of 1 (one) year. The number of stock options that can be exercised anytime after the vesting period until the end of the exercise period with a price of Rp1,750 (full Rupiah) per share and number of shares granted are 235,294,100 shares.

The fair value of stock options in MSOP stage-II granted on November 10, 2004 amounted to Rp351.62 (full Rupiah) per share, in accordance with the Valuation Report issued by PT Watson Wyatt Purbajaga dated February 15, 2005, using the Black Scholes option pricing model.

c. MSOP Stage-III

Based on the Annual General Shareholders' Meeting held on May 20, 2005, the shareholders granted MSOP stage-III with an exercise period of 5 (five) years and a vesting period of 1 (one) year. The number of stock options that can be exercised is twice a year within 5 (five) to 30 (thirty) working days until the end of exercise period with a share closing price of 90% of BRI's average closing price shares in the Jakarta Stock Exchange (currently the Indonesia Stock Exchange) for 25 (twenty-five) consecutive days before reporting date to the Jakarta Stock Exchange (currently the Indonesia Stock Exchange) (the latest within 5 (five) working days) and the number of shares issued are up to 117,647,050 shares.

The price of shares exercised in 2010 was Rp8,649 (full Rupiah) per share (period 8) and in 2009 was Rp5,458 (full Rupiah) per share (period 6) and Rp6,671 (full Rupiah) per share (period 7).

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29. MANAGEMENT STOCK OPTION PLAN (MSOP) (continued)

c. MSOP Stage-III (continued)

The fair value of stock options in MSOP stage-III granted on November 10, 2005 amounted to Rp958 (full Rupiah) per share, in accordance with BRI management's calculation using the Black Scholes - Merton option pricing model.

The summary of the MSOP and its movements for the year ended December 31, 2010 is as follows (Note 28a):

	2010		
	Number of Options		
	MSOP Stage-I	MSOP Stage-II	MSOP Stage-III
Options outstanding at the beginning of the year	-	-	13,545,550
Options exercised during the year	-	-	(4,728,500)
Options not exercised until maturity date	-	-	(8,817,050) ^{*)}
Options that can be exercised at the end of the year	-	-	-

*) The remaining balance of MSOP Stage-III that was still outstanding at maturity date on November 9, 2010 and was reported to Indonesia Stock Exchange on December 1, 2010.

The fair value of the options granted was derived using the following assumptions:

	MSOP Stage-I	MSOP Stage-II	MSOP Stage-III
Risk free interest rate :	8.75%	8.75%	13.04%
Expected exercise period :	5 years	5 years	5 years
Expected share price volatility :	24.33%	24.33%	42.95%
Expected dividend yield :	5.50%	5.50%	5.04%
Employee turnover rate :	1.00%	1.00%	-

During 2010, stock options which were exercised amounted to Rp2,365 consisting of 4,728,500 shares (Note 28a) which resulted in the increase in additional paid-in capital of Rp43,062 as of December 31, 2010 (Note 28b).

The balance of accumulated stock options after deduction of the realized stock options amounted to Rp12,977 (including expired stock options of MSOP stage-III) for the year ended December 31, 2010 was RpNil, due to the expiration of the MSOP program, the movements are presented as part of the equity in the consolidated statements of financial position as of December 31, 2010.

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30. INTEREST AND INVESTMENT INCOME

Interest and investment income are derived from:

	2012	2011	2010
<u>Rupiah</u>			
Loans			
Micro	19,780,729	19,452,031	18,067,281
Retail	18,688,743	18,433,259	17,955,957
Corporate	3,385,618	3,382,612	3,093,045
Securities			
Fair value through profit or loss			
Certificates of Bank Indonesia	-	13,203	13,328
Government bonds	32,570	29,433	16,701
Bonds	1,005	-	2,707
Available for sale			
Certificates of Bank Indonesia	305,360	623,500	638,498
Bonds	9,251	7,456	683
Government bonds	706,712	576,898	578,939
Held to maturity			
Certificates of Bank Indonesia	341,875	478,143	139,148
Bonds	88	-	14,172
Subordinated bonds	7,950	5,815	6,297
Government bonds	175,341	126,807	91,587
Medium Term Notes	6,794	11,327	1,379
Government Recapitalization Bonds			
Available for sale	311,350	267,596	1,502,589
Held to maturity	294,839	843,865	3,795
Placements with Bank Indonesia and other banks			
Deposit Facility/Term Deposit	1,862,490	1,621,809	742,272
Inter-bank call money	45,422	75,308	51,812
Others	323	244	159,672
Current accounts with Bank Indonesia	163,713	137,664	17,805
Others	669,286	387,992	264,391
	46,789,459	46,474,962	43,362,058
<u>Foreign currencies</u>			
Loans			
Retail	140,436	58,026	28,220
Corporate	678,805	509,850	442,724
Securities			
Fair value through profit or loss			
Credit Link Notes	17,451	3,063	-
Government bonds	3,514	1,924	4,092
Bonds	-	-	217
Available for sale			
Bonds	493	387	620
Medium Term Notes	18,114	16,817	492
Government bonds	175,588	73,674	42,374
Held to maturity			
Credit Link Notes	64,574	21,103	10,663
Notes Receivable	23,376	255	114
Medium Term Notes	-	-	10,159
Bonds	2,089	1,020	1,011
Government bonds	71,785	9,820	-

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30. INTEREST AND INVESTMENT INCOME (continued)

Interest and investment income are derived from (continued):

	2012	2011	2010
<u>Foreign currencies (continued)</u>			
Placements with Bank Indonesia and other banks			
Inter-bank call money	15,275	85,341	56,528
Others	44,175	19,628	12,221
Others	226,887	20,308	-
	1,482,562	821,216	609,435
Total	48,272,021	47,296,178	43,971,493

31. INTEREST EXPENSES AND OTHER FINANCING EXPENSE

This account represents interest expenses and other financing expense incurred on:

	2012	2011	2010
<u>Rupiah</u>			
Time deposits	6,892,440	7,199,658	5,917,970
Saving deposits	2,125,483	2,887,704	2,474,286
Demand deposits	1,462,384	1,375,961	1,087,642
Subordinated loans	221,208	224,082	220,496
Deposits from other banks and financial institutions	41,856	187,578	287,619
Fund borrowings	177,180	143,163	232,909
Securities sold under agreement to repurchase	388	12,876	12,876
Others	1,055,971	764,697	625,297
	11,976,910	12,795,719	10,859,095
<u>Foreign currencies</u>			
Time deposits	474,163	357,185	499,258
Fund borrowings	78,934	65,576	2,230
Deposits from other banks and financial institutions	51,877	45,095	65,060
Demand deposits	17,176	11,729	23,310
	622,150	479,585	589,858
	12,599,060	13,275,304	11,448,953

32. PROVISION FOR IMPAIRMENT LOSSES ON FINANCIAL ASSETS - NET

This account represents provision (reversal) of allowance for impairment losses on financial assets as follows:

	2012	2011	2010
Loans (Note 12f)	2,593,691	5,789,241	7,879,092
Sharia receivables and financing (Note 13)	75,426	18,743	(3,267)

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32. PROVISION FOR IMPAIRMENT LOSSES ON FINANCIAL ASSETS - NET (continued)

This account represents provision (reversal) of allowance for impairment losses on financial assets as follows (continued):

	2012	2011	2010
Placements with Bank Indonesia and other banks (Note 6e)	(300)	50	250
Securities (Note 7e)	(750)	(25)	100
Current accounts with other banks (Note 5e)	110	(118)	62
Investment in associated entities (Note 15)	-	(1,355)	226
Acceptances receivable (Note 14d)	-	(7,240)	2,167
Export bills (Note 8d)	-	(7,638)	1,906
	2,668,177	5,791,658	7,880,536

33. SALARIES AND EMPLOYEE BENEFITS

The details of this account are as follows:

	2012	2011	2010
Salaries, wages and allowances	4,593,169	4,118,075	3,608,632
Bonuses, incentives and <i>tantiem</i>	2,806,706	2,421,646	2,304,140
Defined benefit pension (Note 41a)	497,852	447,856	276,275
Training and development	495,736	451,796	373,059
Grand leaves (Note 41e)	224,217	186,531	91,924
Gratuity for services (Note 41e)	192,577	162,604	123,335
Medical allowances	154,641	136,890	131,430
Work separation scheme (Note 41d)	155,250	65,754	73,437
Defined contribution pension (Note 41c)	104,385	77,670	680,318
Pension preparation period (Note 41e)	2,152	347,952	16,608
Others	378,862	284,073	996,563
	9,605,547	8,700,847	8,675,721

Salaries and allowances of the Board of Directors amounted to Rp46,269, Rp52,078 and Rp45,778, and the Board of Commissioners amounted to Rp14,739, Rp10,247 and Rp8,384 for the years ended December 31, 2012, 2011 and 2010, respectively (Note 43).

Bonuses, incentives and *tantiem* paid to the Boards of Directors, Commissioners and key employees of BRI for the years ended December 31, 2012, 2011 and 2010, amounted to Rp225,076, Rp204,724 and Rp147,180, respectively (Note 43).

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34. GENERAL AND ADMINISTRATIVE EXPENSES

The details of this account are as follows:

	2012	2011	2010
Rent	1,016,732	1,106,078	886,226
Repairs and maintenance	654,556	584,717	491,413
Depreciation of premises and equipment (Note 16)	417,396	322,757	302,730
Electricity and water	362,027	313,097	276,144
Transportation	272,628	214,122	201,070
Office supplies	183,298	154,428	130,475
Printing and postage	168,212	183,962	152,018
Communications	107,615	118,105	96,691
Professional fees	54,139	50,668	33,911
Computer installations	42,300	17,268	17,939
Research and product development	6,874	8,761	10,017
Others	3,057,884	2,604,823	2,112,810
	6,343,661	5,678,786	4,711,444

35. NON-OPERATING INCOME - NET

The details of this account are as follows:

	2012	2011	2010
Loan insurance claim income	460,359	318,568	313,576
Cash distribution from the liquidation of BRI Finance Ltd, Hong Kong	23,855	16,519	12,263
Gain on sale of premises and equipment	13,751	17,067	5,875
Rental income	4,636	3,033	6,379
Others - net	674,433	816,463	168,136
	1,177,034	1,171,650	506,229

36. TAXATION

a) Taxes Payable

As of December 31, 2012, 2011 and 2010, the details of taxes payable are as follows:

	2012	2011	2010
BRI (Parent Entity)			
Income tax			
Article 23	-	-	2,874
Article 25 (December)	392,603	462,148	230,459
Article 26	-	-	38,400
Article 29	443,641	622,506	1,648,319
Article 4 (2)	-	-	764
	836,244	1,084,654	1,920,816

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36. TAXATION (continued)

a) Taxes Payable (continued)

As of December 31, 2012, 2011 and 2010, the details of taxes payable are as follows (continued):

	2012	2011	2010
Subsidiaries			
Income tax			
Article 21	10,374	3,278	4,046
Article 23	725	611	457
Article 25 (December)	4,574	1,463	-
Article 29	34,103	5,938	95
Article 4 (2)	9,669	10,003	5,509
Others	6	50	-
	59,451	21,343	10,107
	895,695	1,105,997	1,930,923

b) Tax Expense

	2012	2011	2010
<u>Parent Entity</u>			
Current tax expense of:			
Current year	4,434,804	4,057,443	3,917,140
Prior year tax examination	36,142	-	-
Expense (benefit) income tax	646,937	(409,080)	(486,156)
	5,117,883	3,648,363	3,430,984
<u>Subsidiaries</u>			
Current tax expense of:			
Current year	71,089	17,761	4,909
Prior year tax examination	4,455	-	-
Expense (benefit) income tax	(21,235)	1,760	(48)
	54,309	19,521	4,861
	5,172,192	3,667,884	3,435,845

The reconciliation between income before tax expense as presented in the consolidated statements of comprehensive income and estimated taxable income is as follows:

	2012	2011	2010
Income before tax expense based on the consolidated statements of comprehensive income	23,859,572	18,755,880	14,908,230
Income of Subsidiaries	(188,685)	(56,486)	(15,306)
Income before tax expense - BRI (Parent Entity)	23,670,887	18,699,394	14,892,924

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36. TAXATION (continued)

b) Tax Expense (continued)

The reconciliation between income before tax expense as presented in the consolidated statements of comprehensive income and estimated taxable income is as follows (continued):

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Temporary Differences:			
Provision (reversal) for allowance for possible losses on loans	(1,688,909)	1,000,151	2,067,026
Provision (reversal) for personnel expenses	(657,053)	825,581	222,629
Unrealized loss on derivatives transactions	-	-	139,473
Reversal of provision for estimated losses on commitments and contingencies	-	(93,294)	(8,422)
Unrealized loss (gain) on trading securities and Government Recapitalization Bonds	882	2,438	(26,293)
Depreciation of premises and equipment	(242,670)	(83,116)	(52,699)
Reversal of provision for possible losses on earning assets excluding loans	-	(15,439)	(668,304)
	<u>(2,587,750)</u>	<u>1,636,321</u>	<u>1,673,410</u>
Permanent Differences:			
Public relations	142,637	159,221	84,836
Representations and donations	49,706	34,547	30,390
Sports and religious activities	32,098	30,469	26,908
Income subjected to final tax	(4,724)	(4,407)	(4,325)
Income of Subsidiaries	(32,060)	(23,797)	(15,406)
Others	903,225	(244,533)	2,896,963
	<u>1,090,882</u>	<u>(48,500)</u>	<u>3,019,366</u>
Estimated taxable income	<u>22,174,019</u>	<u>20,287,215</u>	<u>19,585,700</u>

The computation of corporate income tax expense and income tax payable are as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Estimated taxable income	<u>22,174,019</u>	<u>20,287,215</u>	<u>19,585,700</u>
<u>Parent Entity</u>			
Corporate income tax expense - current	(4,434,804)	(4,057,443)	(3,917,140)
Income tax installment payments during the year	3,991,163	3,434,937	2,268,821
Corporate income tax payable - Article 29	<u>(443,641)</u>	<u>(622,506)</u>	<u>(1,648,319)</u>
<u>Subsidiaries</u>			
Corporate income tax expense - current	(71,089)	(17,761)	(4,909)
Income tax installment payments during the year	36,986	11,823	4,814
Corporate income tax payable - Article 29	<u>(34,103)</u>	<u>(5,938)</u>	<u>(95)</u>

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36. TAXATION (continued)

b) Tax Expense (continued)

Examination of fiscal year 2010

The General Directorate of Tax based on Tax Assessment Letter No. 00198/207/10/093/12 dated November 28, 2012, affirmed the under payment of Value Added Tax on Goods and Services in the amount of Rp1,418 including fine in the amount of Rp194 which was billed through Tax Billing Letter No. 00112/107/10/093/12 dated November 28, 2012 and was already approved by BRI.

The General Directorate of Tax based on Tax Assessment Letter No. 00003/206/10/093/12 dated November 28, 2012, affirmed the under payment of Income Tax in the amount of Rp1,484,041 which was already approved by BRI in the amount of Rp34,529. The management is in the opinion that BRI's treatment to disapprove the tax under payment is already in accordance with the existing tax regulations, therefore, BRI is currently filing for an objection.

The approved payment for tax under payment by BRI amounted to Rp36,142 and was paid on December 27, 2012. Income tax of BRI and Subsidiaries are computed for each company as a separate legal entity.

c) Deferred Tax Assets

The computation of deferred tax benefit (expense) of BRI is as follows (Note 2ag):

	2012	2011	2010
<u>Parent Entity</u>			
Provision for allowance for possible losses on earning assets	(422,227)	246,178	420,728
Provision for employee benefits	(164,263)	206,395	52,412
Unrealized loss on derivatives transactions	-	-	34,868
Reversal of estimated losses on commitments and contingencies	-	(23,324)	(2,105)
Unrealized loss (gain) on trading securities and Government Recapitalization Bonds	220	610	(6,573)
Depreciation of premises and equipment	(60,667)	(20,779)	(13,174)
	(646,937)	409,080	486,156
Subsidiaries	21,235	(1,760)	48
Total deferred tax benefit (expense)	(625,702)	407,320	486,204

The tax effects of significant temporary differences between commercial reporting and tax (recorded under "Deferred Tax Assets") are as follows (Note 2ag):

	2012	2011	2010
<u>Parent Entity</u>			
Allowance for possible losses on earning assets	1,433,718	1,855,945	1,609,767
Provision for employee expense	746,352	910,615	704,220
Depreciation on premises and equipment	55,814	116,481	137,260
Estimated losses on commitments and contingencies	-	-	23,324
Unrealized gain on trading securities and Government Recapitalization Bonds	-	(220)	(830)
Unrealized gain on available for sale securities and Government Recapitalization Bonds	(243,652)	(255,001)	(187,188)
	1,992,232	2,627,820	2,286,553
Subsidiaries	32,679	4,138	8,548
	2,024,911	2,631,958	2,295,101

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36. TAXATION (continued)

c) Deferred Tax Assets (continued)

Under article 17 (2) of Law No. 7 year 1983 regarding "Income Tax" which was revised for the fourth time by Law No. 36 year 2008, the corporate tax rate is 25%.

In addition, based on the above Law No. 36 year 2008 dated September 23, 2008, the Government Regulation No. 81 year 2007 dated December 28, 2007 on "Reduction of the Income Tax Rate on Resident Corporate Tax Payers in the Form of Publicly-listed Companies" and the Ministry of Finance Regulation No. 238/PMK.03/2008 dated December 30, 2008 on "The Guidelines on the Implementation and Supervision on the Rate Reduction for Domestic Tax Payers in the Form of Public Companies" stipulates that resident publicly-listed companies in Indonesia can obtain the reduced income tax rate at 5% lower than the highest existing income tax rate, provided they meet the prescribed criteria, i.e., public companies whose shares are owned by the public at a minimum of 40% or more of the total paid-up shares are traded in the Indonesia Stock Exchange and such shares are owned by at least 300 (three hundred) parties and each party owning only less than 5% of the total paid-up shares. These requirements should be fulfilled by the publicly-listed companies for a period of 6 (six) months in 1 (one) tax year. Based on Letter No. DE//2013-0019 dated January 3, 2013 and the monthly report of shares ownerships, form No. X.H.I-6 dated January 2, 2013 from the Securities Administration Agency (Biro Administrasi Efek), Datindo Entrycom on the ownership of BRI's shares during 2012, all of the above mentioned required criteria to obtain the tax rate reduction on BRI's financial statements for the year ended December 31, 2012, were fulfilled by BRI.

37. RISK MANAGEMENT

One of the key to success in BRI's accomplishment as a strong and healthy bank with sustainable growth is the business implementation which is supplemented with an integrated and systematic risk management of credit risk, liquidity risk, operational risk, market risk, strategic risk, compliance risk, reputational risk and legal risk in accordance with Circular Letter of Bank Indonesia No. 13/23/DPNP dated October 25, 2011 on Risk Management Implementation for Commercial Banks.

The principles of integrated and systematic risk management are stated in the Risk Management General Policy (KUMR) which represents the supreme rule in the risk management implementation in BRI's entire business activities. KUMR includes general policy, strategy, organization, risk management, information system, process and implementation of risk management, up to internal control system. KUMR is translated in details and set forth in Guidance on the Application of Risk Management Implementation (P3MR), which determines the stages in risk management process, among others, risk identification, risk measurement, risk monitoring and risk control. P3MR consists of Guidance on the Application of Credit Risk Management Implementation (P3MRK), Guidance on the Application of Operational Risk Management Implementation (P3MRO), Guidance on the Application of Market Risk Management Implementation (P3MRP) and Guidance on the Application of Integrated Risk Management Implementation (P3MRT).

BRI Risk Profile Assessment consists of inherent risk assessment, an assessment of embedded risks in the business activities of the bank that could potentially affect the Bank's financial position and assessment of Risk Management Implementation Quality in the operational activities, which is an assessment on the adequacy of the risk management system covering all the pillars of risk management implementation. Combination of inherent risk assessment and Risk Management Implementation Quality result in the risk profile assessment, one of the factors in Bank's Health Assessment (Risk Based Bank Rating (RBBR)). RBBR is stipulated in BRI's Circular Letter No. 01-DIR/AMK/01/2012.

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37. RISK MANAGEMENT (continued)

BRI has implemented the concept of three line of defense. First line of defense is the business/operational working unit performing functional activities according to existing policies, limit and operational guidelines. Second line of defense is the risk management working unit which oversees compliance of BRI risk management according to risk tolerance and implements policies, guidelines and risk limits of business/operational working units independently. Third line of defense is the internal audit working unit which functions in performing control through evaluation of the first and second lines of defense as well as reporting independently to the Chief Executive Director and Commissioner.

Credit Risk Management

Credit risk is risk due to default of debtor and/or other party in meeting their obligation to BRI. BRI monitors the credit quality as part of early identification of credit impairment.

Credit risk management is conducted through limit management at acceptable risk exposure level for third party individual, limit management at geographic level and limit management of each industry concentration. Limit determination is done through credit risk rating for each individual debtor. Credit risk rating is updated periodically to estimate the potential loss as risk due to credit expansion and as a basis to determine following improvement.

The implementation of Credit Risk Management is not solely intended to position BRI as a bank that is in compliance with the regulation, but also a form of management's obligation in implementing credit risk management system at an optimum risk and return, align with the best practice in the banking industry, which in turn is expected to support BRI's business activities.

Credit analysis and approval process begins with the early introduction of prospective debtors through the assessment of individual risk levels of debtors using the Credit Risk Rating (CRR) for commercial loans and Credit Risk Scoring (CRS) for consumer and micro loans. BRI has determined a cut-off for a prospective debtor who is eligible to be approved based on BRI's acceptable risk (KRD).

Loan distribution performed by business working unit is done to take into account credit risk from loan disbursement up to loan settlement by controlling and monitoring loan quality periodically to prevent Non Performing Loans (NPL).

Through the implementation of Early Warning System (EWS) in the development of the condition of the debtor's business, effective credit risk management could minimize risk of possible loss and optimize capital usage to obtain maximum income.

The credit risk management of BRI is intended to minimize possible losses due to unsettled loans and other financial contracts, in the individual or overall portfolio level of loans. Credit risk management is also intended to meet the regulatory requirements of Bank Indonesia.

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37. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

(i) Maximum exposure of financial asset

Credit risk exposures on financial assets in the consolidated statements of financial position as of December 31, 2012, 2011 and 2010 are as follows:

	Maximum Exposure		
	2012	2011	2010
Current accounts with Bank Indonesia	42,524,126	33,040,418	19,989,683
Current accounts with other banks	4,841,975	5,533,164	5,658,053
Placements with Bank Indonesia and other banks	66,242,928	73,596,356	83,272,140
Securities			
Fair value through profit or loss	612,986	563,125	203,144
Available for sale	13,573,274	15,416,030	13,072,295
Held to maturity	26,950,620	17,938,361	9,239,224
Export bills	5,934,772	4,828,569	734,339
Government Recapitalization Bonds			
Available for sale	715,616	5,396,026	6,026,463
Held to maturity	3,600,000	3,600,000	7,600,000
Securities purchased under agreement to resell	9,550,521	9,383,298	501,381
Derivatives receivable	28,850	17,818	87,870
Loans			
Micro	107,616,454	92,777,152	78,125,129
Retail	143,282,232	121,837,545	112,648,253
Corporate	85,182,356	54,840,029	42,199,402
Sharia receivables and financing	11,010,636	8,970,274	5,413,592
Acceptances receivable	4,786,121	1,692,176	660,209
Investment in associated entities ^{*)}	1,408	1,408	1,099
Other assets ^{**)}	625,355	1,128,481	1,295,744
Total	527,080,230	450,560,230	386,728,020

*) Investment in associated entities with no significant influence.

***) Other assets consist of interest receivables and other receivables, including other receivables based on Sharia principles.

Credit risk exposure relating to consolidated administrative accounts as of December 31, 2012, 2011 and 2010 is as follows:

	Maximum Exposure		
	2012	2011	2010
Irrevocable L/C	12,231,900	6,843,251	4,932,139
Guarantees issued	12,261,818	6,238,525	3,801,371
	24,493,718	13,081,776	8,733,510

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37. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

(i) Maximum exposure of financial asset (continued)

The above tables represent the maximum credit risk exposure of BRI as of December 31, 2012, 2011 and 2010. For financial assets on consolidated statements of financial position, the exposures set out above are based on net carrying amounts as reported in the consolidated financial statements.

As of December 31, 2012, 2011 and 2010, the percentage of maximum exposure of loans, Sharia receivables and financing against the total financial assets subject to credit risk in the consolidated statements of financial position is 65.85%, 61.80% and 61.64%, respectively.

(ii) Risk concentration analysis

(a) Geographical sectors

The following tables provide details of BRI's credit risk exposure as categorized by geographical region as of December 31, 2012, 2011 and 2010. For these tables, BRI has allocated exposures to the regions based on the geographical area where activities are undertaken.

	December 31, 2012							
	Jakarta	West Java	Central Java and Yogyakarta	East Java	Sumatera	Central and East Indonesia	Others	Total
Assets								
Current accounts with Bank Indonesia	42,524,126	-	-	-	-	-	-	42,524,126
Current accounts with other banks	4,736,402	118	1,026	8	562	7,818	96,212	4,842,146
Placements with Bank Indonesia and other banks	65,947,885	-	-	-	-	-	295,043	66,242,928
Securities								
Fair value through profit or loss	612,986	-	-	-	-	-	-	612,986
Available for sale	12,328,307	-	-	-	-	-	1,244,967	13,573,274
Held to maturity	26,808,527	-	-	-	-	-	142,853	26,951,380
Export bills	4,048,115	7,623	80,255	905,657	72,752	14,669	805,701	5,934,772
Government Recapitalization Bonds								
Available for sale	715,616	-	-	-	-	-	-	715,616
Held to maturity	3,600,000	-	-	-	-	-	-	3,600,000
Securities purchased under agreements to resell	9,550,521	-	-	-	-	-	-	9,550,521
Derivatives receivable	28,850	-	-	-	-	-	-	28,850
Loans								
Micro	9,034,327	9,939,161	17,788,181	15,498,699	25,571,902	37,662,582	-	115,494,852
Retail	35,603,909	10,090,294	15,982,950	19,034,391	26,932,435	38,567,169	162,578	146,373,726
Corporate	60,861,940	6,794,456	1,828,626	6,825,359	7,259,103	3,774,799	1,545,401	88,889,684
Sharia receivables and financing	3,608,075	2,332,404	1,342,613	1,052,596	1,687,256	1,225,337	-	11,248,281
Acceptances receivable	3,730,657	676,866	336,822	8,086	33,690	-	-	4,786,121
Investment in associated entities*)	1,944	-	-	-	-	-	-	1,944
Other assets**)	410,062	18,732	9,904	18,323	30,045	65,895	72,394	625,355
Total	284,152,249	29,859,654	37,370,377	43,343,119	61,587,745	81,318,269	4,365,149	541,996,562
Less: Allowance for impairment losses								(14,916,332)
								527,080,230
Administrative Accounts								
Irrevocable L/C	7,436,075	3,685,709	160,285	435,667	475,178	38,986	-	12,231,900
Guarantees issued	8,503,562	887,918	278,298	253,230	285,400	2,053,410	-	12,261,818
	15,939,637	4,573,627	438,583	688,897	760,578	2,092,396	-	24,493,718

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37. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

(ii) Risk concentration analysis (continued)

(a) Geographical sectors (continued)

December 31, 2011								
	Jakarta	West Java	Central Java and Yogyakarta	East Java	Sumatera	Central and East Indonesia	Others	Total
Assets								
Current accounts with Bank Indonesia	33,040,418	-	-	-	-	-	-	33,040,418
Current accounts with other banks	5,391,983	7	1,613	256	3,610	8,284	127,472	5,533,225
Placements with Bank Indonesia and other banks	73,273,622	-	-	-	-	-	323,034	73,596,656
Securities								
Fair value through profit or loss	563,125	-	-	-	-	-	-	563,125
Available for sale	15,306,866	-	-	-	-	-	109,164	15,416,030
Held to maturity	17,939,871	-	-	-	-	-	-	17,939,871
Export bills	3,621,012	2,482	117,936	852,960	228,823	5,356	-	4,828,569
Government Recapitalization Bonds								
Available for sale	5,396,026	-	-	-	-	-	-	5,396,026
Held to maturity	3,600,000	-	-	-	-	-	-	3,600,000
Securities purchased under agreements to resell	9,383,298	-	-	-	-	-	-	9,383,298
Derivatives receivable	17,818	-	-	-	-	-	-	17,818
Loans								
Micro	7,987,999	8,628,235	15,235,143	13,054,610	22,263,458	30,909,985	-	98,079,430
Retail	40,026,938	7,331,060	13,226,528	17,194,884	23,220,697	29,345,261	147,490	130,492,858
Corporate	43,148,860	2,722,123	911,831	3,182,350	4,836,325	1,248,490	783,990	56,833,969
Sharia receivables and financing	2,958,269	1,689,607	1,321,146	929,706	1,333,333	876,654	-	9,108,715
Acceptances receivable	687,261	131,479	261,078	262,224	349,039	1,095	-	1,692,176
Investment in associated entities*)	1,944	-	-	-	-	-	-	1,944
Other assets**)	1,005,079	21,393	11,957	17,686	24,217	18,279	29,870	1,128,481
Total	263,350,389	20,526,386	31,087,232	35,494,676	52,259,502	62,413,404	1,521,020	466,652,609
Less: Allowance for Impairment losses								(16,092,379)
								450,560,230
Administrative Accounts								
Irrevocable L/C	5,116,045	157,843	480,143	478,575	397,229	206,124	7,292	6,843,251
Guarantees issued	5,306,801	160,277	128,557	418,527	201,881	22,482	-	6,238,525
	10,422,846	318,120	608,700	897,102	599,110	228,606	7,292	13,081,776

December 31, 2010								
	Jakarta	West Java	Central Java and Yogyakarta	East Java	Sumatera	Central and East Indonesia	Others	Total
Assets								
Current accounts with Bank Indonesia	19,989,683	-	-	-	-	-	-	19,989,683
Current accounts with other banks	5,638,933	-	122	4	3	3,147	15,907	5,658,116
Placements with Bank Indonesia and other banks	82,382,398	-	-	-	-	-	889,992	83,272,390
Securities								
Fair value through profit or loss	203,144	-	-	-	-	-	-	203,144
Available for sale	11,745,089	-	-	-	-	-	1,327,206	13,072,295
Held to maturity	9,240,734	-	-	-	-	-	-	9,240,734
Export bills	417,278	967	58,517	233,006	16,714	15,275	-	741,757
Government Recapitalization Bonds								
Available for sale	6,026,463	-	-	-	-	-	-	6,026,463
Held to maturity	7,600,000	-	-	-	-	-	-	7,600,000
Securities purchased under agreements to resell	501,381	-	-	-	-	-	-	501,381
Derivatives receivable	87,870	-	-	-	-	-	-	87,870
Loans								
Micro	6,686,357	7,536,289	12,925,094	11,023,950	18,908,907	24,751,572	-	81,832,169
Retail	22,675,209	8,218,831	13,861,031	18,080,858	21,145,718	30,172,455	5,885,944	120,040,046
Corporate	36,440,175	1,799,003	705,799	2,279,566	3,088,214	779,266	-	45,092,023
Sharia receivables and financing	2,373,920	642,216	587,236	555,448	873,085	493,063	-	5,524,968
Acceptances receivable	332,717	31,871	201,160	10,134	90,996	-	-	666,878

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37. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

(ii) Risk concentration analysis (continued)

(a) Geographical sectors (continued)

	December 31, 2010							
	Jakarta	West Java	Central Java and Yogyakarta	East Java	Sumatera	Central and East Indonesia	Others	Total
Assets (continued)								
Investment in associated entities*)	1,646	-	-	-	-	-	-	1,646
Other assets**)	1,178,126	20,534	14,193	17,482	26,002	20,021	19,386	1,295,744
Total	213,521,123	18,249,711	28,353,152	32,200,448	44,149,639	56,234,799	8,138,435	400,847,307
Less: Allowance for Impairment losses								(14,119,287)
								386,728,020
Administrative Accounts								
Irrevocable L/C	4,418,626	30,923	46,429	231,964	199,738	4,459	-	4,932,139
Guarantees issued	3,246,679	51,431	6,803	331,799	158,586	6,073	-	3,801,371
	7,665,305	82,354	53,232	563,763	358,324	10,532	-	8,733,510

*) Investment in associated entities with no significant influence.

**) Other assets consist of interest receivables and other receivables, including other receivables based on Sharia principles.

(b) Industrial sectors

The following tables provide the details of credit exposure at carrying amounts, as categorized by the industrial sectors as of December 31, 2012, 2011 and 2010:

	December 31, 2012				
	Government (including Bank Indonesia)	Bank and other financial institutions	Companies	Individuals	Total
Assets					
Current accounts with Bank Indonesia	42,524,126	-	-	-	42,524,126
Current accounts with other banks	-	4,842,146	-	-	4,842,146
Placements with Bank Indonesia and other banks	60,696,564	5,261,364	285,000	-	66,242,928
Securities					
Fair value through profit or loss	71,925	541,061	-	-	612,986
Available for sale	13,162,156	69,227	341,891	-	13,573,274
Held to maturity	22,121,157	3,591,573	1,238,650	-	26,951,380
Export bills	14,281	-	5,920,491	-	5,934,772
Government Recapitalization					
Bonds					
Available for sale	715,616	-	-	-	715,616
Held to maturity	3,600,000	-	-	-	3,600,000
Securities purchased under agreements to resell	9,550,521	-	-	-	9,550,521
Derivatives receivable	-	28,850	-	-	28,850

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37. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

(ii) Risk concentration analysis (continued)

(b) Industrial sectors (continued)

	December 31, 2012				
	Government (including Bank Indonesia)	Bank and other financial institutions	Companies	Individuals	Total
<u>Assets (continued)</u>					
Loans					
Micro	-	-	2,335,514	113,159,338	115,494,852
Retail	696,347	387,937	35,424,274	109,865,168	146,373,726
Corporate	2,254,829	5,489,847	81,145,008	-	88,889,684
Sharia receivables and financing	17,695	-	4,016,204	7,214,382	11,248,281
Acceptances receivable	685,912	-	4,100,209	-	4,786,121
Investment in associated entities*)	-	-	1,944	-	1,944
Other assets**)	68,054	730	387,883	168,688	625,355
Total	156,179,183	20,212,735	135,197,068	230,407,576	541,996,562
Less: Allowance for Impairment losses					(14,916,332)
					527,080,230
<u>Administrative Accounts</u>					
Irrevocable L/C	6,068,726	-	6,163,174	-	12,231,900
Guarantees issued	5,444,426	-	4,807,631	2,009,761	12,261,818
	11,513,152	-	10,970,805	2,009,761	24,493,718
December 31, 2011					
	Government (including Bank Indonesia)	Bank and other financial institutions	Companies	Individuals	Total
<u>Assets</u>					
Current accounts with Bank Indonesia	33,040,418	-	-	-	33,040,418
Current accounts with other banks	-	5,533,225	-	-	5,533,225
Placements with Bank Indonesia and other banks	69,724,880	3,706,776	165,000	-	73,596,656
Securities					
Fair value through profit or loss	53,933	509,192	-	-	563,125
Available for sale	15,078,450	-	337,580	-	15,416,030
Held to maturity	12,573,369	3,773,611	1,592,891	-	17,939,871
Export bills	5,351	-	4,823,218	-	4,828,569
Government Recapitalization					
Bonds					
Available for sale	5,396,026	-	-	-	5,396,026
Held to maturity	3,600,000	-	-	-	3,600,000
Securities purchased under agreements to resell	9,383,298	-	-	-	9,383,298
Derivatives receivable	-	17,818	-	-	17,818

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37. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

(ii) Risk concentration analysis (continued)

(b) Industrial sectors (continued)

	December 31, 2011				
	Government (including Bank Indonesia)	Bank and other financial institutions	Companies	Individuals	Total
<u>Assets (continued)</u>					
Loans					
Micro	-	-	337,593	97,741,837	98,079,430
Retail	4,785	135,335	742,998	129,609,740	130,492,858
Corporate	1,004,596	5,243,115	50,586,258	-	56,833,969
Sharia receivables and financing	9,910	-	2,898,040	6,200,765	9,108,715
Acceptances receivable	198,041	-	1,494,135	-	1,692,176
Investment in associated entities*)	-	-	1,944	-	1,944
Other assets**)	262,865	55,904	421,737	387,975	1,128,481
Total	150,335,922	18,974,976	63,401,394	233,940,317	466,652,609
Less: Allowance for impairment losses					(16,092,379)
					450,560,230
<u>Administrative Accounts</u>					
Irrevocable L/C	3,189,141	-	3,654,110	-	6,843,251
Guarantees issued	146,245	-	6,086,580	5,700	6,238,525
	3,335,386	-	9,740,690	5,700	13,081,776

	December 31, 2010				
	Government (including Bank Indonesia)	Bank and other financial institutions	Companies	Individuals	Total
<u>Assets</u>					
Current accounts					
with Bank Indonesia	19,989,683	-	-	-	19,989,683
with other banks	2,752	5,655,364	-	-	5,658,116
Placements with Bank					
Indonesia and other banks	68,556,092	14,716,298	-	-	83,272,390
Securities					
Fair value through profit or loss	193,582	9,562	-	-	203,144
Available for sale	12,831,823	-	240,472	-	13,072,295
Held to maturity	4,066,119	4,058,415	1,116,200	-	9,240,734
Export bills	-	741,757	-	-	741,757
Government Recapitalization					
Bonds					
Available for sale	6,026,463	-	-	-	6,026,463
Held to maturity	7,600,000	-	-	-	7,600,000

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37. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

(ii) Risk concentration analysis (continued)

(b) Industrial sectors (continued)

	December 31, 2010				
	Government (including Bank Indonesia)	Bank and other financial institutions	Companies	Individuals	Total
<u>Assets (continued)</u>					
Securities purchased					
under agreements to resell	-	501,381	-	-	501,381
Derivatives receivable	-	87,870	-	-	87,870
Loans					
Micro	-	-	1,581,505	80,250,664	81,832,169
Retail	42,308	-	26,279,932	93,717,806	120,040,046
Corporate	227,976	55,130	44,808,917	-	45,092,023
Sharia receivables and financing	-	-	2,380,951	3,144,017	5,524,968
Acceptances receivable	-	-	666,878	-	666,878
Investment in associated entities*)	-	536	1,110	-	1,646
Other assets**)	749,565	27,591	518,588	-	1,295,744
Total	120,286,363	25,853,904	77,594,553	177,112,487	400,847,307
Less: Allowance for Impairment losses					(14,119,287)
					386,728,020
 <u>Administrative Accounts</u>					
Irrevocable L/C	2,459,228	393,603	2,079,308	-	4,932,139
Guarantees issued	134,110	1,588,166	2,029,201	49,894	3,801,371
	2,593,338	1,981,769	4,108,509	49,894	8,733,510

*) Investment in associated entities with no significant influence.

***) Other assets consist of interest receivables and other receivables, including other receivables based on Sharia principles.

(iii) Collateral and pledging of loans

BRI determined the type and value of collateral according to the loan scheme as well as credit risk level estimation from the counterparty as a determined second way out. The types of collateral are as follows:

- a. Physical collateral, such as land and buildings, proof of vehicle ownership property and gold.
- b. Financial collateral, such as time deposit, savings, demand deposit, and securities.
- c. Others such as guarantees, government guarantees, and guarantee institution.

The collateral will be pledged according to the existing loan policy as to minimize credit risk, should there be an event of default in the future.

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37. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

(iv) Impairment of financial assets as of December 31, 2012, 2011 and 2010:

(a) Current accounts with other banks

As of December 31, 2012, 2011 and 2010, this financial asset is not individually or collectively impaired according to the regulation of Bank Indonesia, except for Sharia, amounted to Rp171, Rp61, and Rp63, respectively.

(b) Placements with Bank Indonesia and other banks

As of December 31, 2012, 2011 and 2010, this financial asset is not individually or collectively impaired according to the regulation of Bank Indonesia, except for Sharia.

	2012	2011	2010
<u>Rupiah</u>			
Bank Indonesia - Term Deposit	43,702,732	27,492,087	18,367,802
Bank Indonesia - Deposit Facility	16,030,280	42,232,793	50,188,290
Inter-bank call money	1,355,000	913,000	1,250,000
	<u>61,088,012</u>	<u>70,637,880</u>	<u>69,806,092</u>
<u>Foreign currencies</u>			
Inter-bank call money	4,181,727	2,849,558	12,461,683
Bank Indonesia - Term Deposit	963,552	-	-
Time deposits	9,637	109,218	1,004,615
	<u>5,154,916</u>	<u>2,958,776</u>	<u>13,466,298</u>
Total	66,242,928	73,596,656	83,272,390
Less: Allowance for Impairment losses	-	(300)	(250)
	<u>66,242,928</u>	<u>73,596,356</u>	<u>83,272,140</u>

(c) Securities

As of December 31, 2012, 2011 and 2010, this financial asset is not impaired according to the regulation of Bank Indonesia, except for Sharia.

	2012	2011	2010
<u>Rupiah</u>			
Certificates of Bank Indonesia	16,556,764	13,956,762	9,631,413
Government bonds	15,246,161	10,698,039	5,101,814
Bonds	1,559,225	1,958,826	1,407,382
Bank Indonesia Sharia Certificates (SBIS)	575,000	400,000	200,000
Medium term notes	100,000	130,000	120,000
Subordinated bonds	89,873	89,857	89,843
Mutual funds	10,998	10,479	9,562
	<u>34,138,021</u>	<u>27,243,963</u>	<u>16,560,014</u>

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37. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

(iv) Impairment of financial assets as of December 31, 2012, 2011 and 2010 (continued):

(c) Securities (continued)

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Foreign currencies</u>			
Credit linked notes	3,698,047	3,595,708	3,175,431
Government bonds	2,977,313	2,650,951	2,158,297
Bonds	160,139	91,868	-
Notes receivables	115,650	109,164	397,642
Medium term notes	48,470	227,372	224,789
	<u>6,999,619</u>	<u>6,675,063</u>	<u>5,956,159</u>
Total	41,137,640	33,919,026	22,516,173
Less: Allowance for Impairment losses	(760)	(1,510)	(1,510)
	<u>41,136,880</u>	<u>33,917,516</u>	<u>22,514,663</u>

(d) Export bills

As of December 31, 2012 and 2011 this financial asset is not individually or collectively impaired. Whereas, as of December 31, 2010, this financial asset is impaired with the following details:

	<u>2010</u>
<u>Rupiah</u>	
Domestic Documentary Letter of Credit	42,715
<u>Foreign currencies</u>	
Export bills	699,042
Total	741,757
Less: Allowance for impairment losses	(7,418)
	<u>734,339</u>

(e) Derivatives receivable

As of December 2012, 2011 and 2010, this financial asset is not individually or collectively impaired.

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37. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

(iv) Impairment of financial assets as of December 31, 2012, 2011 and 2010 (continued):

(f) Loans, Sharia receivables and financing

As of December 31, 2012, 2011 and 2010, this financial asset is individually or collectively impaired according to the regulation of Bank Indonesia with the following details:

	December 31, 2012				
	Neither Past Due Nor Impaired		Past Due But Not Impaired	Impaired	Total
	High Grade	Standard Grade			
Rupiah					
Agriculture	28,669,694	29,074	1,334,177	630,386	30,663,331
Mining	1,359,468	1,799	92,973	67,069	1,521,309
Manufacturing	16,430,981	990,610	535,521	611,051	18,568,163
Electricity, gas and water	8,301,200	575	17,156	35,200	8,354,131
Construction	6,838,463	12,627	243,304	1,347,726	8,442,120
Trading, hotels and restaurants	81,782,127	64,984	7,935,844	3,717,311	93,500,266
Transportation, warehousing and communications	8,336,742	3,391	169,940	230,195	8,740,268
Business services	12,150,972	4,792,238	963,076	727,991	18,634,277
Social services	9,015,544	-	151,023	136,655	9,303,222
Others	118,627,181	195,976	6,255,867	2,225,396	127,304,420
	<u>291,512,372</u>	<u>6,091,274</u>	<u>17,698,881</u>	<u>9,728,980</u>	<u>325,031,507</u>
Foreign currencies					
Agriculture	2,384,829	-	17,352	10,422	2,412,603
Mining	3,573,399	-	13,183	17,008	3,603,590
Manufacturing	19,249,253	309,920	2,542	480,871	20,042,586
Electricity, gas and water	304,361	-	-	-	304,361
Construction	1,382,447	-	19,196	167,599	1,569,242
Trading, hotels and restaurants	1,328,080	69,401	24,824	194,891	1,617,196
Transportation, warehousing and communications	144,350	-	1,051	769,044	914,445
Business services	238,439	-	-	87,774	326,213
Social services	3,761	-	-	-	3,761
Others	5,891,927	4,458	5,501	279,153	6,181,039
	<u>34,500,846</u>	<u>383,779</u>	<u>83,649</u>	<u>2,006,762</u>	<u>36,975,036</u>
	326,013,218	6,475,053	17,782,530	11,735,742	362,006,543
Less: Allowance for Impairment losses					(14,914,865)
					347,091,678

	December 31, 2011				
	Neither Past Due Nor Impaired		Past Due But Not Impaired	Impaired	Total
	High Grade	Standard Grade			
Rupiah					
Agriculture	19,033,954	29,593	1,612,543	606,090	21,282,180
Mining	1,012,063	2,493	79,153	9,907	1,103,616
Manufacturing	8,298,652	651,177	1,621,395	565,475	11,136,699
Electricity, gas and water	6,374,100	-	48,143	24,692	6,446,935
Construction	4,651,855	-	739,922	413,031	5,804,808
Trades, hotels and restaurants	70,387,189	40,487	8,088,595	4,796,595	83,312,866
Transportation, warehousing and communications	3,741,662	-	192,101	156,682	4,090,445
Business services	9,255,657	4,888,071	746,567	586,484	15,476,779
Social services	7,538,217	-	105,663	32,616	7,676,496
Others	106,311,199	195,476	4,270,766	1,192,000	111,969,441
	<u>236,604,548</u>	<u>5,807,297</u>	<u>17,504,848</u>	<u>8,383,572</u>	<u>268,300,265</u>

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37. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

(iv) Impairment of financial assets as of December 31, 2012, 2011 and 2010 (continued):

(f) Loans, Sharia receivables and financing (continued)

	December 31, 2011				
	Neither Past Due Nor Impaired		Past Due But Not Impaired	Impaired	Total
	High Grade	Standard Grade			
<u>Foreign currencies</u>					
Agriculture	1,772,246	-	412,878	12,923	2,198,047
Mining	4,363,517	-	-	11,466	4,374,983
Manufacturing	8,254,789	237,485	156,190	551,987	9,200,451
Electricity, gas and water	67,952	-	-	-	67,952
Construction	1,164,580	-	1,113	-	1,165,693
Trades, hotels and restaurants	5,843,620	49,500	9,325	467,365	6,369,810
Transportation, warehousing and communications	130,464	-	826,646	2,404	959,514
Business services	153,903	-	-	91,518	245,421
Social services	90,213	-	-	-	90,213
Others	1,530,420	4,274	4,382	3,547	1,542,623
	<u>23,371,704</u>	<u>291,259</u>	<u>1,410,534</u>	<u>1,141,210</u>	<u>26,214,707</u>
	259,976,252	6,098,556	18,915,382	9,524,782	294,514,972
Less: Allowance for Impairment losses					(16,089,972)
					278,425,000

	December 31, 2010				
	Neither Past Due Nor Impaired		Past Due But Not Impaired	Impaired	Total
	High Grade	Standard Grade			
<u>Rupiah</u>					
Agriculture	15,779,416	-	887,068	623,576	17,290,060
Mining	1,724,268	-	20,684	20,989	1,765,941
Manufacturing	7,981,047	959,874	526,650	736,399	10,203,970
Electricity, gas and water	4,932,340	-	24,939	17,528	4,974,807
Construction	4,555,365	-	181,492	746,694	5,483,551
Trades, hotels and restaurants	72,599,421	16,787	5,808,287	4,236,562	82,661,057
Transportation, warehousing and communications	3,588,419	-	69,327	270,051	3,927,797
Business services	6,538,006	4,246,385	777,326	702,005	12,263,722
Social services	4,836,648	-	33,868	180,797	5,051,313
Others	88,432,840	188,793	3,311,256	1,312,632	93,245,521
	<u>210,967,770</u>	<u>5,411,839</u>	<u>11,640,897</u>	<u>8,847,233</u>	<u>236,867,739</u>
<u>Foreign currencies</u>					
Agriculture	906,724	-	-	-	906,724
Mining	3,543,686	-	-	4,917	3,548,603
Manufacturing	1,783,312	309,250	10,019	686,062	2,788,643
Electricity, gas and water	899,656	-	-	-	899,656
Construction	508,896	-	-	-	508,896
Trades, hotels and restaurants	4,785,732	52,016	8,385	223,290	5,069,423
Transportation, warehousing and communications	898,269	-	13,572	7,932	919,773
Business services	43,732	-	9,768	-	53,500
Social services	44,127	-	-	55,502	99,629
Others	457,361	4,238	45,513	319,508	826,620
	<u>13,871,495</u>	<u>365,504</u>	<u>87,257</u>	<u>1,297,211</u>	<u>15,621,467</u>
	224,839,265	5,777,343	11,728,154	10,144,444	252,489,206
Less: Allowance for Impairment losses					(14,102,830)
					238,386,376

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37. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

(iv) Impairment of financial assets as of December 31, 2012, 2011 and 2010 (continued):

(f) Loans, Sharia receivables and financing (continued)

Above table shows the credit quality of each financial instrument which is neither past due nor impaired (allowance for impairment losses excluded), defined as follows:

1. High Grade
Loans and Sharia receivables/financing, are third party receivables that are neither past due nor impaired, and has never been restructured (low risk).
2. Standard Grade
Loan and Sharia receivables/financing, are third party receivables that are neither past due nor impaired, but has been restructured (middle risk).

(g) Acceptances receivable

As of December 31, 2012 and 2011, this financial asset is not impaired individually or collectively. While, as of December 31, 2010, this financial asset is impaired with the following details:

	2010
<u>Foreign currencies</u>	
Usance Import Letter of Credit	553,304
Usance Domestic Documentary Letter of Credit	113,574
Total	666,878
Less: Allowance for impairment losses	(6,669)
	660,209

(h) Estimated losses on commitments and contingencies

As of December 31, 2012, 2011 and 2010, the administrative accounts are impaired with the following details:

	2012	2011	2010
<u>Rupiah</u>			
Guarantees issued	3,702,083	3,447,111	1,905,076
Irrevocable L/C	450,296	313,130	264,501
	4,152,379	3,760,241	2,169,577
<u>Foreign currencies</u>			
Irrevocable L/C	11,781,604	6,530,121	4,667,638
Guarantees issued	8,559,735	2,791,414	1,896,295
	20,341,339	9,321,535	6,563,933
Total	24,493,718	13,081,776	8,733,510
Less: Allowance for Impairment losses	(414)	(152)	(93,422)
	24,493,304	13,081,624	8,640,088

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37. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

(v) Quality of financial assets:

The following table shows the quality of financial assets by class of assets for all financial assets with credit risk, amount presented are gross.

	December 31, 2012				
	Neither Past Due Nor Impaired		Past Due But Not Impaired	Impaired	Total
	High Grade	Standard Grade			
<u>Assets</u>					
Current accounts with Bank Indonesia	42,524,126	-	-	-	42,524,126
Current accounts with other banks	4,842,146	-	-	-	4,842,146
Placements with Bank Indonesia and other banks	66,242,928	-	-	-	66,242,928
Securities					
Fair value through profit or loss	612,986	-	-	-	612,986
Available for sale	13,573,274	-	-	-	13,573,274
Held to maturity	26,951,380	-	-	-	26,951,380
Export bills	5,934,772	-	-	-	5,934,772
Government Recapitalization Bonds					
Available for sale	715,616	-	-	-	715,616
Held to maturity	3,600,000	-	-	-	3,600,000
Securities purchased under agreements to resell	9,550,521	-	-	-	9,550,521
Derivatives receivable	28,850	-	-	-	28,850
Loans					
Micro	106,003,807	-	7,996,256	1,494,789	115,494,852
Retail	132,119,531	79,936	8,716,216	5,458,043	146,373,726
Corporate	77,266,780	6,375,292	805,128	4,442,484	88,889,684
Sharia receivables and financing	10,623,100	19,825	264,930	340,426	11,248,281
Acceptances receivable	4,786,121	-	-	-	4,786,121
Investment in associated entities*)	1,944	-	-	-	1,944
Other assets**)	625,355	-	-	-	625,355
	506,003,237	6,475,053	17,782,530	11,735,742	541,996,562

	December 31, 2011				
	Neither Past Due Nor Impaired		Past Due But Not Impaired	Impaired	Total
	High Grade	Standard Grade			
<u>Assets</u>					
Current accounts with Bank Indonesia	33,040,418	-	-	-	33,040,418
Current accounts with other banks	5,533,225	-	-	-	5,533,225
Placements with Bank Indonesia and other banks	73,596,656	-	-	-	73,596,656
Securities					
Fair value through profit or loss	563,125	-	-	-	563,125
Available for sale	15,416,030	-	-	-	15,416,030
Held to maturity	17,939,871	-	-	-	17,939,871
Export bills	4,828,569	-	-	-	4,828,569
Government Recapitalization Bonds					
Available for sale	5,396,026	-	-	-	5,396,026
Held to maturity	3,600,000	-	-	-	3,600,000
Securities purchased under agreements to resell	9,383,298	-	-	-	9,383,298
Derivatives receivable	17,818	-	-	-	17,818

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37. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

(v) Quality of financial assets (continued):

	December 31, 2011				
	Neither Past Due Nor Impaired		Past Due But Not Impaired	Impaired	Total
	High Grade	Standard Grade			
<u>Assets (continued)</u>					
Loans					
Micro	89,928,313	-	6,789,794	1,361,323	98,079,430
Retail	116,574,678	42,692	8,089,384	5,786,104	130,492,858
Corporate	44,857,680	6,032,226	3,819,541	2,124,522	56,833,969
Sharia receivables and financing	8,615,581	23,638	216,663	252,833	9,108,715
Acceptances receivable	1,692,176	-	-	-	1,692,176
Investment in associated entities*)	1,944	-	-	-	1,944
Other assets**)	1,128,481	-	-	-	1,128,481
	432,113,889	6,098,556	18,915,382	9,524,782	466,652,609

	December 31, 2010				
	Neither Past Due Nor Impaired		Past Due But Not Impaired	Impaired	Total
	High Grade	Standard Grade			
<u>Assets</u>					
Current accounts with Bank Indonesia	19,989,683	-	-	-	19,989,683
Current accounts with other banks	5,658,116	-	-	-	5,658,116
Placements with Bank Indonesia and other banks	83,272,390	-	-	-	83,272,390
Securities					
Fair value through profit or loss	203,144	-	-	-	203,144
Available for sale	13,072,295	-	-	-	13,072,295
Held to maturity	9,240,734	-	-	-	9,240,734
Export bills	741,757	-	-	-	741,757
Government Recapitalization Bonds					
Available for sale	6,026,463	-	-	-	6,026,463
Held to maturity	7,600,000	-	-	-	7,600,000
Securities purchased under agreements to resell	501,381	-	-	-	501,381
Derivatives receivable	87,870	-	-	-	87,870
Loans					
Micro	75,780,322	-	4,869,197	1,182,650	81,832,169
Retail	108,011,696	101,245	6,036,103	5,891,002	120,040,046
Corporate	35,878,180	5,676,098	642,610	2,895,135	45,092,023
Sharia receivables and financing	5,169,067	-	180,244	175,657	5,524,968
Acceptances receivable	666,878	-	-	-	666,878
Investment in associated entities*)	1,646	-	-	-	1,646
Other assets**)	1,295,744	-	-	-	1,295,744
	373,197,366	5,777,343	11,728,154	10,144,444	400,847,307

*) Investment in associated entities with no significant influence.

***) Other assets consist of interest receivables and other receivables, including other receivables based on Sharia principles.

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37. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

(vi) The following tables show the aging analysis of loans, Sharia receivables and financing which are past due but not impaired.

		December 31, 2012				
		≤ 30 days	> 30 – 60 days	> 60 – 90 days	> 90 days	Total
Loans						
Micro		201,957	53,068	7,741,231	-	7,996,256
Retail		739,385	252,277	7,724,554	-	8,716,216
Corporate		-	192,769	612,359	-	805,128
Sharia receivables and financing		191,418	38,107	35,405	-	264,930
		1,132,760	536,221	16,113,549	-	17,782,530

		December 31, 2011				
		≤ 30 days	> 30 – 60 days	> 60 – 90 days	> 90 days	Total
Loans						
Micro		178,253	43,055	6,568,486	-	6,789,794
Retail		807,011	269,161	7,013,212	-	8,089,384
Corporate		36,935	622,919	3,159,687	-	3,819,541
Sharia receivables and financing		160,587	29,203	26,873	-	216,663
		1,182,786	964,338	16,768,258	-	18,915,382

		December 31, 2010				
		≤ 30 days	> 30 – 60 days	> 60 – 90 days	> 90 days	Total
Loans						
Micro		174,516	44,102	4,650,579	-	4,869,197
Retail		504,474	165,023	5,366,606	-	6,036,103
Corporate		88,699	73,177	480,734	-	642,610
Sharia receivables and financing		121,945	28,727	29,572	-	180,244
		889,634	311,029	10,527,491	-	11,728,154

Liquidity Risk Management

BRI manages liquidity risk as an effort to meet every financial liability that has been agreed upon in a timely manner and in order to maintain adequate and optimal liquidity level. In order to support liquidity management, BRI has determined liquidity risk management policy (according to Decision Letter of BRI No. 560-DIR/DMR/09/2010) which covers liquidity management, liquidity allowance maintenance, funding strategy determination, early warning system, measurement and determination of liquidity risk limit including high quality liquid asset and emergency funding plan (contingency plan).

The purpose of this policy is to ensure daily fund adequacy in meeting its obligations during normal or crisis condition in a timely manner from various available source of fund, including ensuring the availability of high quality liquid asset.

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37. RISK MANAGEMENT (continued)

Liquidity Risk Management (continued)

Asset and Liability Analysis According to Contractual Maturity

Future potential liquidity risk encountered by BRI is measured through Liquidity Gap Analysis, which is the projection of the excess/shortage of liquidity based on the maturity of assets and liabilities, after taking into account the business expansion needs. This information is also used as a consideration in planning and managing liquidity, including business expansion need. With the implementation of effective liquidity risk management, it is expected that liquidity risk can be minimized as well as enhancing the overall banking system stability.

The tables below represent information about the mapping of financial assets and liabilities within a certain time scale (maturity buckets) based on their remaining maturity as of December 31, 2012, 2011 and 2010:

Description	Total	2012				
		Up to 1 month	More than 1 month up to 3 months	More than 3 months up to 1 year	More than 1 year	Others without maturity
Assets						
Cash	13,895,464	-	-	-	-	13,895,464
Current accounts with Bank Indonesia	42,524,126	-	-	-	-	42,524,126
Current accounts with other banks	4,842,146	-	-	-	-	4,842,146
Allowance for impairment losses	(171)	-	-	-	-	(171)
Placement with Bank Indonesia and other Banks	66,242,928	30,392,467	21,683,223	14,167,238	-	-
Securities	41,137,640	13,951,375	1,677,741	11,803,551	13,704,973	-
Allowance for impairment losses	(760)	-	-	-	-	(760)
Export bills	5,934,772	777,846	800,732	4,356,194	-	-
Government Bonds	4,315,616	715,616	-	-	3,600,000	-
Securities purchased under agreement to resell	9,550,521	1,184,577	7,754,568	611,376	-	-
Derivatives receivable	28,850	-	1,417	-	27,433	-
Loans						
Micro	115,494,852	1,114,126	2,125,242	15,374,321	96,881,163	-
Retail	146,373,726	12,098,999	9,676,910	38,730,298	85,867,519	-
Corporate	88,889,684	12,620,508	12,110,915	12,457,784	51,700,477	-
Allowance for impairment losses	(14,677,220)	-	-	-	-	(14,677,220)
Sharia receivables and financing	11,248,281	357,787	684,964	1,297,635	8,907,895	-
Allowance for impairment losses	(237,645)	-	-	-	-	(237,645)
Acceptances receivable	4,786,121	573,963	1,955,525	2,256,633	-	-
Investment in associated entities*)	1,944	-	-	-	1,944	-
Allowance for impairment losses	(536)	-	-	-	-	(536)
Other assets**)	625,355	191,772	125,701	307,882	-	-
Total Assets	540,975,694	73,979,036	58,596,938	101,362,912	260,691,404	46,345,404

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37. RISK MANAGEMENT (continued)

Liquidity Risk Management (continued)

Asset and Liability Analysis According to Contractual Maturity (continued)

Description	Total	2012				
		Up to 1 month	More than 1 month up to 3 months	More than 3 months up to 1 year	More than 1 year	Others without maturity
Liabilities						
Liabilities due immediately	4,911,852	-	-	-	-	4,911,852
Deposits from customers						
Demand deposits	79,403,214	-	-	-	-	79,403,214
<i>Wadiah</i> demand deposits	671,800	-	-	-	-	671,800
Saving deposits	182,481,686	-	-	-	-	182,481,686
<i>Wadiah</i> saving deposits	1,688,478	-	-	-	-	1,688,478
<i>Mudharabah</i> saving deposits	195,285	-	-	-	-	195,285
Time deposits	177,267,237	100,685,908	24,474,150	51,795,644	311,535	-
<i>Mudharabah</i> time deposits	8,458,683	6,426,477	1,850,612	179,246	2,348	-
Deposits from other Banks and financial Institutions	2,778,618	2,419,285	11,250	348,083	-	-
Securities sold under agreement to repurchase	-	-	-	-	-	-
Derivatives payable	152,193	3,403	1,525	-	147,265	-
Acceptances payable	4,786,121	573,963	1,955,525	2,256,633	-	-
Fund borrowings	10,888,755	1,692,127	3,597,440	5,477,598	121,590	-
Other liabilities***)	627,052	471,169	81,448	68,956	5,479	-
Subordinated loans	2,116,562	232	-	21,093	2,095,237	-
Total Liabilities	476,427,536	112,272,564	31,971,950	60,147,253	2,683,454	269,352,315
Maturity gap	64,548,158	(38,293,528)	26,624,988	41,215,659	258,007,950	(223,006,911)

Description	Total	2011				
		Up to 1 month	More than 1 month up to 3 months	More than 3 months up to 1 year	More than 1 year	Others without maturity
Assets						
Cash	10,525,973	-	-	-	-	10,525,973
Current accounts with Bank Indonesia	33,040,418	-	-	-	-	33,040,418
Current accounts with other banks	5,533,225	-	-	-	-	5,533,225
Allowance for impairment losses	(61)	-	-	-	-	(61)
Placements with Bank Indonesia and other Banks	73,596,656	57,405,430	12,391,514	3,799,712	-	-
Allowance for impairment losses	(300)	-	-	-	-	(300)
Securities	33,919,026	16,868,105	999,960	4,169,974	11,880,987	-
Allowance for impairment losses	(1,510)	-	-	-	-	(1,510)
Export bills	4,828,569	572,438	816,080	3,440,051	-	-
Government Recapitalization Bonds	8,996,026	5,396,026	-	-	3,600,000	-

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37. RISK MANAGEMENT (continued)

Liquidity Risk Management (continued)

Asset and Liability Analysis According to Contractual Maturity (continued)

Description	2011					
	Total	Up to 1 month	More than 1 month up to 3 months	More than 3 months up to 1 year	More than 1 year	Others without maturity
Assets (continued)						
Securities repurchased under agreement to resell	9,383,298	7,364,677	2,018,621	-	-	-
Derivatives receivable	17,818	-	75	-	17,743	-
Loans						
Micro	98,079,430	955,533	1,808,735	13,732,939	81,582,223	-
Retail	130,492,858	12,011,714	8,551,223	34,139,757	75,790,164	-
Corporate	56,833,969	7,608,545	7,085,987	9,125,559	33,013,878	-
Allowance for impairment losses	(15,951,531)	-	-	-	-	(15,951,531)
Sharia receivables and financing	9,108,715	736,288	874,494	1,224,184	6,273,749	-
Allowance for impairment losses	(138,441)	-	-	-	-	(138,441)
Acceptances receivable	1,692,176	428,580	739,413	524,183	-	-
Allowance for impairment losses	-	-	-	-	-	-
Investment in associated entities*)	1,944	-	-	-	1,944	-
Allowance for impairment losses	(536)	-	-	-	-	(536)
Other assets**)	1,128,481	450,920	391,107	286,454	-	-
Total Assets	461,086,203	109,798,256	35,677,209	70,442,813	212,160,688	33,007,237
Liabilities						
Liabilities due immediately	3,961,640	-	-	-	-	3,961,640
Deposits from customers						
Demand deposits	76,262,900	-	-	-	-	76,262,900
Wadiah demand deposits	515,829	-	-	-	-	515,829
Saving deposits	152,643,459	-	-	-	-	152,643,459
Wadiah saving deposits	1,386,724	-	-	-	-	1,386,724
Mudharabah saving deposits	102,790	-	-	-	-	102,790
Time deposits	146,006,981	87,109,847	20,911,673	37,738,855	246,606	-
Mudharabah time deposits	7,345,662	5,870,410	1,317,236	157,991	25	-
Deposits from other Banks and financial Institutions	4,024,163	3,909,497	-	114,666	-	-
Securities sold under agreements to repurchase	102,681	102,681	-	-	-	-
Derivatives payable	173,536	455	-	-	173,081	-
Acceptances payable	1,692,176	428,580	739,413	524,183	-	-
Fund borrowings	13,097,916	-	2,281,075	10,770,481	46,360	-
Other liabilities****)	618,051	485,119	55,871	72,190	4,871	-
Subordinated loans	2,136,288	232	-	21,093	2,114,963	-
Total Liabilities	410,070,796	97,906,821	25,305,268	49,399,459	2,585,906	234,873,342
Maturity gap	51,015,407	11,891,435	10,371,941	21,043,354	209,574,782	(201,866,105)

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37. RISK MANAGEMENT (continued)

Liquidity Risk Management (continued)

Asset and Liability Analysis According to Contractual Maturity (continued)

Description	Total	2010				
		Up to 1 month	More than 1 month up to 3 months	More than 3 months up to 1 year	More than 1 year	Others without maturity
Assets						
Cash	9,975,712	-	-	-	-	9,975,712
Current accounts with Bank Indonesia	19,989,683	-	-	-	-	19,989,683
Current accounts with other banks	5,658,116	-	-	-	-	5,658,116
Allowance for impairment losses	(63)	-	-	-	-	(63)
Placements with Bank Indonesia and other banks	83,272,390	74,157,075	8,901,750	213,565	-	-
Allowance for impairment losses	(250)	-	-	-	-	(250)
Securities	22,516,173	14,535,344	-	575,178	7,405,651	-
Allowance for impairment losses	(1,510)	-	-	-	-	(1,510)
Export bills	741,757	480,034	218,257	43,466	-	-
Allowance for impairment losses	(7,418)	-	-	-	-	(7,418)
Government Recapitalization Bonds	13,626,463	6,026,463	4,000,000	-	3,600,000	-
Securities purchased under agreement to resell	501,381	501,381	-	-	-	-
Derivatives receivable	87,870	9,216	-	78,654	-	-
Loans						
Micro	81,832,169	847,955	1,808,422	12,596,822	66,578,970	-
Retail	120,040,046	10,279,420	8,550,965	30,053,517	71,156,144	-
Corporate	45,092,023	2,215,219	7,627,029	4,556,290	30,693,485	-
Allowance for impairment losses	(13,991,454)	-	-	-	-	(13,991,454)
Sharia receivables and financing	5,524,968	220,301	365,470	790,294	4,148,903	-
Allowance for impairment losses	(111,376)	-	-	-	-	(111,376)
Acceptances receivable	666,878	269,598	294,132	103,148	-	-
Allowance for impairment losses	(6,669)	-	-	-	-	(6,669)
Investment in associated entities*)	1,646	-	-	-	1,646	-
Allowance for impairment losses	(547)	-	-	-	-	(547)
Other assets**)	1,295,744	924,369	344,424	26,951	-	-
Total Assets	396,703,732	110,466,375	32,110,449	49,037,885	183,584,799	21,504,224
Liabilities						
Liabilities due immediately	4,123,639	-	-	-	-	4,123,639
Deposits from customers						
Demand deposits	77,048,697	-	-	-	-	77,048,697
Wadiah demand deposits	315,779	-	-	-	-	315,779
Saving deposits	125,197,518	-	-	-	-	125,197,518
Wadiah saving deposits	738,227	-	-	-	-	738,227
Mudharabah saving deposits	54,005	-	-	-	-	54,005
Time deposits	126,309,586	77,702,831	13,673,339	34,749,260	184,156	-

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37. RISK MANAGEMENT (continued)

Liquidity Risk Management (continued)

Asset and Liability Analysis According to Contractual Maturity (continued)

Description	Total	2010				
		Up to 1 month	More than 1 month up to 3 months	More than 3 months up to 1 year	More than 1 year	Others without maturity
Liabilities (continued)						
Deposits from customers (continued)						
<i>Mudharabah</i> time deposits	3,988,585	3,602,452	301,152	84,981	-	-
Deposits from other Banks and financial institutions	5,160,315	5,160,199	116	-	-	-
Securities sold under agreements to repurchase	526,365	102,752	-	423,613	-	-
Derivatives payable	81,801	3,674	-	5,839	72,288	-
Acceptances payable	666,878	269,598	294,132	103,148	-	-
Fund borrowings	9,454,545	695,397	4,684,842	3,766,126	308,180	-
Other liabilities***)	603,789	456,479	44,160	93,522	9,628	-
Subordinated loans	2,156,181	232	-	21,093	2,134,856	-
Total Liabilities	356,425,910	87,993,614	18,997,741	39,247,582	2,709,108	207,477,865
Maturity gap	40,277,822	22,472,761	13,112,708	9,790,303	180,875,691	(185,973,641)

*) Investment in associated entities with no significant influence.

***) Other assets consist of interest receivables and other receivables, including other receivables based on Sharia principles.

****) Other liabilities consist of interest payables and guarantee deposits.

Market Risk Management

Market risk is loss risk which arises due to the movements of market factors which consist of interest rates and exchange rates that are against the position held by BRI, on the statements of financial position (on) or administrative accounts (off). The positions are those in the trading book and banking book.

BRI has implemented treasury and market risk application system (GUAVA), an integrated system used by the front, middle and back office function. Through the application, it is possible to measure the market risk by using an internal model approach (Value-at-Risk) which is integrated with the daily process transaction. Besides monitoring instrument risk exposure, it also covers market risk monitoring limit and transaction limit such as Dealer Transaction Nominal Limit, Cut Loss Limit, Stop Loss Limit and Value-at-Risk (VaR) limit. Monitoring is conducted daily to accelerate the availability of updated information to support timely decision, especially for instruments classified into trading.

1. Value-at-Risk (VaR) : Purpose and Limitation of the Method

BRI uses internal model approach to measure VaR potential loss due to changes in the market price of trading portfolio based on historical data. VaR potential loss from market risk is measured by using assumption of changes in risk factor according to normal distribution pattern. BRI uses VaR to measure exchange rate for trading and banking book position as well as measuring interest rate risk for trading book position.

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37. RISK MANAGEMENT (continued)

Market Risk Management (continued)

2. Value-at-Risk (VaR) Assumption

VaR potential loss is measured based on estimated value by using 99% confidence level and unchanged market risk position in 1 (one) day (holding period), which means that the potential loss which might exceed VaR value in normal market condition, in average, may occur once every one hundred days. The method used in VaR is Delta Gamma.

The following table presents information on VaR value starting from January 1, 2012 until December 31, 2012. BRI has no trading portofolio as at December 31, 2012.

	Exchange Rate*)	Interest Rate
Daily Average	22,738.54	6,331.72
Highest	37,003.37	26,493.55
Lowest	8,953.73	-

*) Including trading and banking book.

3. Back Testing

The purpose of back testing is to ensure that the result of internal model measurement for interest risk and exchange rate risk is valid. When performing back testing, BRI compares between hypothetical statement of comprehensive income and estimated result of daily VaR measurement.

Based on back testing procedures for exchange rate risk and interest risk, the actual loss for the whole year result is already consistent with VaR forecast model. The result of the back testing is reported once every three months to the Risk Management Committee (RMC).

4. Market Risk Outside Trading Book

(a) Interest Rate Risk

Financial instrument with interest rate basis possesses risk due to potential change in interest rate which affects future cash flow.

The management is responsible in determining, maintaining and controlling interest rate by weighing bank's risk appetite and financial performance achievement target. Review of interest rate determination is performed at least once in a month during Asset and Liability Committee (ALCO) forum.

The following table presents information on the annual interest rate range for financial asset and liability position for the years ended December 31, 2012, 2011 and 2010:

	December 31, 2012		December 31, 2011		December 31, 2010	
	Rupiah (%)	Foreign Currencies (%)	Rupiah (%)	Foreign Currencies (%)	Rupiah (%)	Foreign Currencies (%)
ASSETS						
Placements with Bank Indonesia and other banks	3.75 - 7.50	0.12 - 0.95	4.50 - 7.25	0.13 - 1.06	5.50 - 7.75	0.11 - 2.08
Securities	4.45 - 13.50	1.41 - 8.00	6.25 - 13.50	1.35 - 8.00	6.37 - 13.50	1.35 - 8.00
Loans	4.50 - 22.32	3.10 - 9.50	5.00 - 24.00	3.70 - 9.50	5.50 - 24.00	3.75 - 9.50
Government Recapitalization Bonds						
Fix interest rate	13.15 - 13.18	-	13.15 - 13.18	-	13.15 - 13.40	-
Floating interest rate	6.37 - 6.64	-	3.75 - 5.19	-	1.69 - 4.05	-

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37. RISK MANAGEMENT (continued)

Market Risk Management (continued)

4. Market Risk Outside Trading Book (continued)

(a) Interest Rate Risk (continued)

	December 31, 2012		December 31, 2011		December 31, 2010	
	Rupiah (%)	Foreign Currencies (%)	Rupiah (%)	Foreign Currencies (%)	Rupiah (%)	Foreign Currencies (%)
LIABILITIES						
Deposits from customers	0.00 - 6.00	0.00 - 1.50	0.00 - 6.00	0.00 - 1.00	0.00 - 7.00	0.00 - 1.50
Deposits from other banks and other financial institutions	0.00 - 6.50	0.00 - 2.35	0.00 - 7.25	0.00 - 2.30	0.00 - 8.00	0.00 - 2.50
Fund borrowings	3.75 - 8.25	-	3.75 - 8.25	-	3.75 - 7.00	-
Subordinated loans	0.00 - 10.95	-	0.00 - 10.95	-	0.00 - 10.95	-

The following table presents the sensitivity towards possible change in interest rate for banking book, with the remaining variable being constant, towards BRI's statement of comprehensive income.

Changes in Percentage	Impact on Comprehensive Income
+/- 1%	-/+ 351,829
+/- 3	-/+ 1,055,488
+/- 5	-/+ 1,759,146

Sensitivity rate is used to analyze probable change of interest rate affecting the banking book portfolio gain and loss. In the above sensitivity analysis, interest rate change assumption basis are 1%, 3% and 5%.

The tables below summarize the financial assets and liabilities exposures to interest rate risk (gross) (unaudited):

2012						
Description	Floating interest rate			Fixed interest rate	Non-interest bearing	Total
	Not more than 3 months	More than 3 months but less than 1 year	More than 1 year			
Assets						
Cash	-	-	-	-	13,895,464	13,895,464
Current accounts with Bank Indonesia	42,524,126	-	-	-	-	42,524,126
Current accounts with other banks	4,842,146	-	-	-	-	4,842,146
Placement with Bank Indonesia and other banks	30,392,467	35,850,461	-	-	-	66,242,928
Securities						
Fair value through profit or loss	-	-	-	612,986	-	612,986
Available for sale	-	-	-	13,573,274	-	13,573,274
Held to maturity	-	-	-	26,951,380	-	26,951,380

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37. RISK MANAGEMENT (continued)

Market Risk Management (continued)

4. Market Risk Outside Trading Book (continued)

(a) Interest Rate Risk (continued)

2012						
Description	Floating interest rate			Fixed interest rate	Non-interest bearing	Total
	Not more than 3 months	More than 3 months but less than 1 year	More than 1 year			
Assets (continued)						
Export bills	5,934,772	-	-	-	-	5,934,772
Government Recapitalization Bonds						
Available for sale	715,616	-	-	-	-	715,616
Held to maturity	3,600,000	-	-	-	-	3,600,000
Securities purchased under agreement to resell	-	-	-	9,550,521	-	9,550,521
Derivatives receivable	-	-	15,479	-	13,371	28,850
Loans						
Micro	37,425,952	38,047,782	7,981,898	32,039,220	-	115,494,852
Retail	89,936,969	40,981,306	756,977	14,698,474	-	146,373,726
Corporate	77,736,864	11,152,820	-	-	-	88,889,684
Sharia receivables and financing	-	-	-	-	11,248,281	11,248,281
Acceptances receivable	4,786,121	-	-	-	-	4,786,121
Investment in associated entities*)	-	-	-	-	1,944	1,944
Other assets**)	-	-	-	-	625,355	625,355
Total Assets	297,895,033	126,032,369	8,754,354	97,425,855	25,784,415	555,892,026
Liabilities						
Liabilities due immediately	4,911,852	-	-	-	-	4,911,852
Deposits from customers						
Demand deposits	79,403,214	-	-	-	-	79,403,214
Wadiah demand deposits	-	-	-	-	671,800	671,800
Saving deposits	182,481,686	-	-	-	-	182,481,686
Wadiah saving deposits	-	-	-	-	1,688,478	1,688,478
Mudharabah saving deposits	-	-	-	-	195,285	195,285
Time deposits	125,160,057	51,795,645	311,535	-	-	177,267,237
Mudharabah time deposits	-	-	-	-	8,458,683	8,458,683
Deposits from other banks and other financial institutions	-	-	-	2,778,618	-	2,778,618
Securities sold under agreement to repurchase	-	-	-	-	-	-
Derivatives payable	-	-	-	147,264	4,929	152,193
Acceptances payable	4,786,121	-	-	-	-	4,786,121
Fund borrowings	-	10,571,748	-	217,007	100,000	10,888,755
Subordinated loans	-	-	-	2,116,562	-	2,116,562
Other liabilities***)	-	-	-	-	627,052	627,052
Total Liabilities	396,742,930	62,367,393	311,535	5,259,451	11,746,227	476,427,536
Interest rate re-pricing GAP between financial assets and liabilities	(98,847,897)	63,664,976	8,442,819	92,166,404	14,038,188	79,464,490

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37. RISK MANAGEMENT (continued)

Market Risk Management (continued)

4. Market Risk Outside Trading Book (continued)

(a) Interest Rate Risk (continued)

2011						
Description	Floating interest rate			Fixed interest rate	Non-interest bearing	Total
	Not more than 3 months	More than 3 months but less than 1 year	More than 1 year			
Assets						
Cash	-	-	-	-	10,525,973	10,525,973
Current accounts with Bank Indonesia	33,040,418	-	-	-	-	33,040,418
Current accounts with other banks	5,533,225	-	-	-	-	5,533,225
Placement with Bank Indonesia and other banks	73,346,039	250,617	-	-	-	73,596,656
Securities						
Fair value through profit or loss	-	-	-	563,125	-	563,125
Available for sale	-	-	-	15,416,030	-	15,416,030
Held to maturity	-	-	-	17,939,871	-	17,939,871
Export bills	4,828,569	-	-	-	-	4,828,569
Government Recapitalization Bonds						
Available for sale	713,701	-	-	4,682,325	-	5,396,026
Held to maturity	3,600,000	-	-	-	-	3,600,000
Securities purchased under agreement to resell	-	-	-	9,383,298	-	9,383,298
Derivatives receivable	-	-	17,744	-	74	17,818
Loans						
Micro	31,580,160	32,115,622	7,326,828	27,056,820	-	98,079,430
Retail	82,742,877	33,974,345	638,801	13,136,835	-	130,492,858
Corporate	50,306,040	6,527,929	-	-	-	56,833,969
Sharia receivables and financing	-	-	-	-	9,108,715	9,108,715
Acceptances receivable	1,692,176	-	-	-	-	1,692,176
Investment in associated entities*)	-	-	-	-	1,944	1,944
Other assets**)	-	-	-	-	1,128,481	1,128,481
Total Assets	287,383,205	72,868,513	7,983,373	88,178,304	20,765,187	477,178,582
Liabilities						
Liabilities due immediately	3,961,640	-	-	-	-	3,961,640
Deposits from customers						
Demand deposits	76,262,900	-	-	-	-	76,262,900
<i>Wadiah</i> demand deposits	-	-	-	-	515,829	515,829
Saving deposits	152,643,459	-	-	-	-	152,643,459
<i>Wadiah</i> saving deposits	-	-	-	-	1,386,724	1,386,724
<i>Mudharabah</i> saving deposits	-	-	-	-	102,790	102,790
Time deposits	108,021,520	37,738,855	246,606	-	-	146,006,981
<i>Mudharabah</i> time deposits	-	-	-	-	7,345,662	7,345,662
Deposits from other banks and other financial institutions	-	-	-	4,024,163	-	4,024,163
Securities sold under agreement to repurchase	-	-	-	102,681	-	102,681

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37. RISK MANAGEMENT (continued)

Market Risk Management (continued)

4. Market Risk Outside Trading Book (continued)

(a) Interest Rate Risk (continued)

2011						
Description	Floating interest rate			Fixed interest rate	Non-interest bearing	Total
	Not more than 3 months	More than 3 months but less than 1 year	More than 1 year			
Liabilities (continued)						
Derivatives payable	-	-	173,081	-	455	173,536
Acceptances payable	1,692,176	-	-	-	-	1,692,176
Fund borrowings	-	12,803,449	-	294,467	-	13,097,916
Subordinated loans	-	-	-	2,136,288	-	2,136,288
Other liabilities***)	-	-	-	-	618,051	618,051
Total Liabilities	342,581,695	50,542,304	419,687	6,557,599	9,969,511	410,070,796
Interest rate re-pricing GAP between financial assets and liabilities	(55,198,490)	22,326,209	7,563,686	81,620,705	10,795,676	67,107,786

2010						
Descriptions	Floating interest rate			Fixed interest rate	Non-interest bearing	Total
	Not more than 3 months	More than 3 months but less than 1 year	More than 1 year			
Assets						
Cash	-	-	-	-	9,975,712	9,975,712
Current accounts with Bank Indonesia	19,989,683	-	-	-	-	19,989,683
Current accounts with other banks	5,658,116	-	-	-	-	5,658,116
Placements with Bank Indonesia and other banks	82,267,776	1,004,614	-	-	-	83,272,390
Securities						
Fair value through profit or loss	-	-	-	203,144	-	203,144
Available for sale	-	-	10,398	13,061,897	-	13,072,295
Held to maturity	-	-	3,175,431	6,065,303	-	9,240,734
Export bills	741,757	-	-	-	-	741,757
Government Recapitalization Bonds						
Available for sale	-	-	-	6,026,463	-	6,026,463
Held to maturity	3,600,000	-	4,000,000	-	-	7,600,000
Securities purchased under agreement to resell	-	-	-	501,381	-	501,381
Derivatives receivable	-	-	78,654	-	9,216	87,870
Loans						
Micro	26,455,115	26,963,757	5,737,805	22,675,492	-	81,832,169
Retail	77,537,434	30,218,740	-	12,283,872	-	120,040,046
Corporate	39,437,791	5,654,232	-	-	-	45,092,023
Sharia receivables and financing	-	-	-	-	5,524,968	5,524,968
Acceptances receivable	666,878	-	-	-	-	666,878
Investment in associated entities*)	-	-	-	-	1,646	1,646
Other assets**)	-	-	-	-	1,295,744	1,295,744
Total Assets	256,354,550	63,841,343	13,002,288	60,817,552	16,807,286	410,823,019

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37. RISK MANAGEMENT (continued)

Market Risk Management (continued)

4. Market Risk Outside Trading Book (continued)

(a) Interest Rate Risk (continued)

2010						
Descriptions	Floating interest rate			Fixed interest rate	Non-interest bearing	Total
	Not more than 3 months	More than 3 months but less than 1 year	More than 1 year			
Liabilities						
Liabilities due immediately	4,123,639	-	-	-	-	4,123,639
Deposits from customers						
Demand deposits	77,048,697	-	-	-	-	77,048,697
<i>Wadiah</i> demand deposits	-	-	-	-	315,779	315,779
Saving deposits	125,197,518	-	-	-	-	125,197,518
<i>Wadiah</i> saving deposits	-	-	-	-	738,227	738,227
<i>Mudharabah</i> saving deposits	-	-	-	-	54,005	54,005
Time deposits	91,376,070	34,749,360	184,156	-	-	126,309,586
<i>Mudharabah</i> time deposits	-	-	-	-	3,988,585	3,988,585
Deposits from other Banks and financial Institutions	87,941	-	-	5,072,374	-	5,160,315
Securities sold under agreement to repurchase	-	-	-	526,365	-	526,365
Derivatives payable	-	-	78,128	-	3,673	81,801
Acceptances payable	666,878	-	-	-	-	666,878
Fund borrowings	-	9,391,615	-	62,930	-	9,454,545
Subordinated loans	-	-	-	2,156,181	-	2,156,181
Other liabilities ***)	-	-	-	-	603,789	603,789
Total Liabilities	298,500,743	44,140,975	262,284	7,817,850	5,704,058	356,425,910
Interest rate re-pricing GAP between financial assets and liabilities	(42,146,193)	19,700,368	12,740,004	52,999,702	11,103,228	54,397,109

*) Investment in associated entities with no significant influence.

**) Other assets consist of interest receivables and other receivables, including other receivables based on Sharia principles.

***) Other liabilities consist of interest payables and guarantee deposits.

(b) Exchange Rate Risk

Exchange rate risk is the risk due to the gap of foreign exchange positions held by BRI which is reflected in BRI's Net Open Position (NOP) both individually and at a consolidated level. Included in the foreign exchange positions are the trading book positions conducted to generate profit from foreign exchange transactions in short-term and banking book position in conducted to control the NOP.

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37. RISK MANAGEMENT (continued)

Market Risk Management (continued)

4. Market Risk Outside Trading Book (continued)

(b) Exchange Rate Risk (continued)

The tables below represent NOP (BRI only) as of December 31, 2012, 2011 and 2010 (unaudited), by currency, as follows:

<u>Currencies</u>	2012		
	<u>Assets</u>	<u>Liabilities</u>	<u>NOP</u>
<u>Statement of financial position</u>			
United States Dollar	69,353,239	69,086,218	267,021
European Euro	1,797,947	1,937,302	(139,355)
Singapore Dollar	296,609	275,679	20,930
Great Britain Pound Sterling	284,626	216,665	67,961
Japanese Yen	203,138	25,577	177,561
Australian Dollar	198,837	7,363	191,474
Others	5,826,878	5,374,018	452,860
			1,038,452
<u>Statements of financial position and administrative accounts*)</u>			
United States Dollar	70,558,698	69,954,365	604,333
European Euro	1,797,947	1,937,302	139,355
Singapore Dollar	296,609	275,679	20,930
Great Britain Pound Sterling	284,626	216,665	67,961
Japanese Yen	203,138	25,577	177,561
Australian Dollar	198,837	7,363	191,474
Others	5,826,878	5,374,018	452,860
			1,654,474
Capital (Note 47a)			55,133,677
NOP Ratio (Statements of financial position)			1.88 %
NOP Ratio (Overall)			3.00 %

<u>Currencies</u>	2011		
	<u>Assets</u>	<u>Liabilities</u>	<u>NOP</u>
<u>Statements of financial position</u>			
United States Dollar	49,659,148	48,624,590	1,034,558
European Euro	741,127	506,607	234,520
Singapore Dollar	250,127	169,986	80,141
Japanese Yen	242,911	66,802	176,109
Great Britain Pound Sterling	209,226	79,949	129,277
Australian Dollar	114,542	5,225	109,317
Others	4,579,713	4,267,163	312,550
			2,076,472

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37. RISK MANAGEMENT (continued)

Market Risk Management (continued)

4. Market Risk Outside Trading Book (continued)

(b) Exchange Rate Risk (continued)

<u>Currencies</u>	2011		
	<u>Assets</u>	<u>Liabilities</u>	<u>NOP</u>
<u>Statements of financial position and administrative accounts*)</u>			
United States Dollar	53,821,245	52,569,067	1,252,178
European Euro	741,127	506,607	234,520
Australian Dollar	114,542	5,225	109,317
Japanese Yen	242,911	66,802	176,109
Singapore Dollar	250,127	169,986	80,141
Great Britain Pound Sterling	209,226	79,949	129,277
Others	4,579,713	4,267,163	312,550
			2,294,092
Capital (Note 47a)			41,815,988
NOP Ratio (Statements of financial position)			4.97%
NOP Ratio (Overall)			5.49%
2010			
<u>Currencies</u>	<u>Assets</u>	<u>Liabilities</u>	<u>NOP</u>
<u>Statements of financial position and administrative accounts*)</u>			
United States Dollar	43,173,174	44,123,264	(950,090)
European Euro	1,340,027	1,187,084	152,943
Australian Dollar	454,886	37,286	417,600
Japanese Yen	160,917	51,274	109,643
Singapore Dollar	136,815	34,366	102,449
Great Britain Pound Sterling	61,936	54,273	7,663
Others	390,261	61,847	328,414
			168,622
<u>Statement of financial position and administrative accounts*)</u>			
United States Dollar	51,023,235	51,316,690	293,455
European Euro	1,340,027	1,187,084	152,943
Australian Dollar	454,886	37,286	417,600
Japanese Yen	160,917	51,274	109,643
Singapore Dollar	136,815	34,366	102,449
Great Britain Pound Sterling	61,936	54,273	7,663
Others	390,261	61,847	328,414
			1,412,167
Capital (Note 47a)			31,710,589
NOP Ratio (Statements of financial position)			0.53%
NOP Ratio (Overall)			4.45%

*) Total absolute differences between Assets and Liabilities denominated in foreign currencies.

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37. RISK MANAGEMENT (continued)

Market Risk Management (continued)

5. BRI Agro Sensitivity Analysis

The following tables present sensitivity towards possible change in interest rate and exchange rate of BRI Agro towards statement of comprehensive income with the remaining variables being constant.

Interest Rate Risk

Percentage Change	Impact to Statement of Comprehensive Income
+/- 1%	-/+ 3,912
+/- 3	-/+ 11,736
+/- 5	-/+ 19,560

Foreign Exchange Risk

Percentage Change	Impact to Statement of Comprehensive Income
+/- 1%	-/+ 41
+/- 3	-/+ 123
+/- 5	-/+ 206

Operational Risk Management

Operational Risk Management Implementation is carried out based on Bank Indonesia Regulation (PBI) No.11/25/PBI/2009 on Risk Management Implementation for Commercial Bank, which requires risk management implementation to cover pillars on active supervision of the Boards of Commissioners and Directors, policy adequacy, limit determination and procedure, identification process adequacy, measurement, monitoring and risk management as well as risk management information and internal control systems. Operational risk exposure management includes management of legal, reputational, compliance and strategic risk exposure in every business process and operational activities.

Each of BRI operational working unit acts as the first line of defense and is responsible for the implementation of risk management process through internal control system in business and operational activities in each working unit. The risk management process of operational working unit begins from phase of identification, measurement, monitoring until risk management. The Board of Directors determined Risk Management Function in every working unit starting from Head Office level (Division/Desk), Regional Office, Special Branch Office, including Branch Office which covers operational, marketing and micro business.

The existing Operational Risk Management in the Head Office as well as Regional Office have performed activities intended to prevent event of risk based on the determined structure of operational risk management. Operational Risk Management as the second line of defense is responsible in developing and implementing policy/procedure and methodology, monitoring, reviewing and controlling operational risk management process as well as composing and monitoring BRI's operational risk profile, both in corporate and regional level, assessing the risk management adequacy of a new product or activity, and supporting operational working unit/risk owner in developing risk awareness culture and compliance towards risk management principles including developing and coordinating Anti-Fraud strategy implementation. Monitoring and validation of the performed and adequacy of Operational Risk Management process is conducted by the Head Office Audit.

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37. RISK MANAGEMENT (continued)

Operational Risk Management (continued)

1. Risk Control and Self Assessment (RCSA)

The main tool of operational risk management consists of Risk and Control Self Assessment (RCSA), Key Risk Indicator (KRI) and Incident Management (IM). The tool is completed with Risk Management Forum and maturity assessments to improve documentation quality in risk management performance in working unit. Determination of operational risk management tools are supported with Operational Risk Assessor (OPRA).

RCSA assesses operational risk and other risks qualitatively and predictively by using impact dimension as well as probability of an event. The results of RCSA are identification and detection of operational risk sources including bank internal control adequacy to avoid deviation/failure. RCSA has already been implemented in BRI working unit which covers Head Office Division/Desk, Regional Office, Special Branch Office and Branch Office including Sub-Branch Office, Unit Terrace, as well as Priority Service Centre. Policy on RCSA is stipulated through BRI Circular Letter No. S.25-DIR/DMR/12/2012.

The main risk issue is assessed, identified and updated by considering business development such as product implementation and or new activity, change in competition condition, new market segment, change in internal/external policy, as well as other changes which affect BRI risk exposure. Working unit performs RCSA assessment by considering loss event data in Incident Management (IM)/Loss Event Database (LED), Key Risk Indicator (KRI) and Audit Result (LHA) of the working unit. RCSA evaluation is performed quarterly, however, the frequency will be increased in time of significant increase in risk exposure.

2. Incident Management (IM) and Loss Event Database (LED)

Recording of operational loss event in BRI business activity is Loss Event Database (LED), performed in Incident Management (IM). This tool is developed to document data of financial and non financial loss, covering actual loss, potential loss and near misses, as well as chronological recording of loss incident since occurrence up to declaration of settlement, including improvement measure and incident handling conducted. Policy on Incident Management is stipulated through BRI Circular Letter No. S.43-DIR/DMR/11/2007.

Based on the loss event data in IM module, loss event analysis can be performed based on the classification of cause, functional activity, type of event and business line. Data of every operational loss is a result of documentation based on guideline and procedure for incident, handling of financial and non financial loss, including litigation process development. Consequently, the information is used to compose and complete operational risk control policy and procedure.

Operational loss data of BRI, documented since the year 2007 are composed consistently and systematically in the form of loss database matrix classified into 8 (eight) business lines and 7 (seven) types/categories of event based on event frequency dimension and severity/loss. LED has been used in simulation of capital charges calculation of operational risk by using Advanced Measurement Approach (AMA) method, as well as Extreme Value Theory (EVT) or Loss Distribution Approach (LDA).

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37. RISK MANAGEMENT (continued)

Operational Risk Management (continued)

3. Key Risk Indicators (KRI)

KRI is a continuation of the implementation of the RCSA process, especially for key risks are predicted to have a moderate or high risk level. KRI is a tool to detect risk trends both leading to loss events that have not happened and that is historical. In addition, KRI is also used as an input for setting the anticipation preventing a worse risk events or remedial action control over key risks are monitored. KRI policy arranged through BRI Circular Letter No. S.24-DIR/DMR/08/2012.

Main risk indicators for all types of embedded risks in the business activity of a working unit is monitored through management reporting system. Reporting is composed according to the need of related internal working unit and existing regulation. Every risk indicator has threshold or limit risk which portrays the acceptable condition and risk (risk appetite) of the management. Bankwide risk profile report and Regional risk profile are reported monthly to the management, among others main risk indicators which are monitored on a routine basis by BRI management and regulatory party.

4. Risk Management Forum (RM Forum)

RM Forum is an operational risk management tool containing documentation on minutes of meeting among heads of working units with the lower officials, employees and staffs to discuss issue and risk embedded in the daily business or operational activity that might hinder in accomplishing the determined business target or performance. Information on the minutes of meeting that are documented in the RM Forum portray the risk management process performed in each working unit and is one of the sources used to update risk issue in RCSA of each working unit. RM Forum policy is stipulated through BRI Circular Letter No. S.25-DIR/DMR/08/2007.

5. Maturity

Maturity is a self assessment process on the establishment level of risk management implementation in each of BRI working unit. Maturity assessment is performed at every year end by each of working unit head by using certain parameters. By performing maturity assessment, it is expected that each working unit will be able to evaluate the risk management implementation performed, in order to compose future improvement plan. Maturity policy is stipulated through BRI Circular Letter No. S.12-DIR/DMR/04/2009.

6. Business Continuity Management (BCM)

The main objective of BCM is to maintain the continuance of critical business and operational activities in order for BRI to be able to keep serving customers despite of disastrous condition. Hence, BCM is a procedure designed to protect BRI's asset as well as providing sufficient respond in times of disruption or disaster. BCM policy is stipulated through BRI Circular Letter No. S.02-DIR/DMR/01/2009.

The BCM covers Emergency Respond Plan as a procedure to protect the security and safety of employees, customers and stakeholders in the working unit and Business Continuity Plan as a procedure to quickly recover critical operational and business process in times of disaster declaration by the management. BCM implementation covers all working units, among others through Crisis Management Team, Call Tree arrangement and alternate sites determination. BCM pilot project is prioritized for working units in disaster areas.

One of the scopes of BCM is IT readiness in fronting disruption or disaster. In relation, during the second quarter of year 2012, Disaster Recovery Center (DRC) trial was performed in executing BRInets core banking system to support operational working units for several days, including weekend banking service.

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37. RISK MANAGEMENT (continued)

Operational Risk Management (continued)

6. Business Continuity Management (BCM) (continued)

Readiness of the organization in ensuring well execution of BCM procedures has been tested during events of disaster in several working units. Availability of E-Buzz car and Mobile Terrace Bank (Teras Keliling) located throughout all working units are utilized to support operational recovery process for working units in disaster areas as it can be used as alternate site.

7. Anti-Fraud Strategy Policy

Determination and implementation of Anti-Fraud Strategy as part of Risk Management implementation to prevent and manage fraud incident in BRI. Anti-Fraud Strategy covers 4 (four) pillars according to the requirements of Bank Indonesia, which are a) prevention, b) detection, c) investigation, reporting and sanction as well as d) evaluation, monitoring and follow-up. Besides that, statement of “zero-tolerance” towards every fraud incident was declared by the Board of Directors and Commissioners. Anti-Fraud commitment is performed by every BRI’s employee as a form of awareness in fraud prevention. Anti-Fraud Strategy policy is stipulated through BRI Circular Letter No.S.106-DIR/DMR/05/2012.

38. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The table below presents the comparison of the carrying values and fair values of financial assets and liabilities. The fair values disclosed below are based on relevant information available as of December 31, 2012, 2011 and 2010 and are not updated to reflect changes in market conditions which have occurred subsequently.

	December 31, 2012		December 31, 2011		December 31, 2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
ASSETS						
Cash	13,895,464	13,895,464	10,525,973	10,525,973	9,975,712	9,975,712
Current accounts with Bank Indonesia	42,524,126	42,524,126	33,040,418	33,040,418	19,989,683	19,989,683
Current accounts with other banks	4,841,975	4,841,975	5,533,164	5,533,164	5,658,053	5,658,053
Placements with Bank Indonesia and other banks	66,242,928	66,242,928	73,596,356	73,596,356	83,272,140	83,272,140
Securities						
Fair value through profit or loss	612,986	612,986	563,125	563,125	203,144	203,144
Available for sale	13,573,274	13,573,274	15,416,030	15,416,030	13,072,295	13,072,295
Held to maturity	26,950,620	27,545,258	17,938,361	19,033,550	9,239,224	9,217,203
Export bills	5,934,772	5,934,772	4,828,569	4,828,569	734,339	734,339
Government Recapitalization Bonds						
Available for sale	715,616	715,616	5,396,026	5,396,026	6,026,463	6,026,463
Held to maturity	3,600,000	3,576,735	3,600,000	3,570,754	7,600,000	7,685,074
Securities purchased under agreements to resell	9,550,521	9,550,521	9,383,298	9,383,298	501,381	501,381
Derivatives receivable	28,850	28,850	17,818	17,818	87,870	87,870
Loans, Sharia receivables and financing	347,091,678	347,091,678	278,425,000	278,425,000	238,386,376	238,386,376
Acceptances receivable	4,786,121	4,786,121	1,692,176	1,692,176	660,209	660,209
Investment in associated entities*)	1,408	1,408	1,408	1,408	1,099	1,099
Other assets **)	625,355	625,355	1,128,481	1,128,481	1,295,744	1,295,744
	540,975,694	541,547,067	461,086,203	462,152,146	396,703,732	396,766,785

*) Investment in associated entities with no significant influence.

**) Other assets consist of interest receivables and other receivables, including other receivables based on Sharia principles.

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38. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

	December 31, 2012		December 31, 2011		December 31, 2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
LIABILITIES						
Liabilities due immediately	4,911,852	4,911,852	3,961,640	3,961,640	4,123,639	4,123,639
Deposits from customers						
Demand deposits	80,075,014	80,075,014	76,778,729	76,778,729	77,364,476	77,364,476
Saving deposits	184,365,449	184,365,449	154,132,973	154,132,973	125,989,750	125,989,750
Time deposits	185,725,920	185,725,920	153,352,643	153,352,643	130,298,171	130,298,171
Deposits from banks and other financial institutions						
Demand deposits	111,059	111,059	82,557	82,557	80,431	80,431
Saving deposits	3,983	3,983	22,997	22,997	7,510	7,510
Time deposits and deposits on call	1,349,493	1,349,493	3,442,593	3,442,593	4,066,774	4,066,774
Inter-bank call money	1,314,083	1,314,083	476,016	476,016	1,005,600	1,005,600
Securities sold under agreements to repurchase	-	-	102,681	102,681	526,365	526,365
Derivatives payable	152,193	152,193	173,536	173,536	81,801	81,801
Acceptances payable	4,786,121	4,786,121	1,692,176	1,692,176	666,878	666,878
Fund borrowings	10,888,755	10,888,755	13,097,916	13,097,916	9,454,545	9,454,545
Other liabilities (***)	627,052	627,052	618,051	618,051	603,789	603,789
Subordinated loan	2,116,562	2,116,562	2,136,288	2,136,288	2,156,181	2,156,181
	476,427,536	476,427,536	410,070,796	410,070,796	356,425,910	356,425,910

***) Other liabilities consist of interest payables and guarantee deposits.

Methods and assumptions used to estimate fair value are as follows:

- a) The fair values of certain financial assets and liabilities, except for securities and Government Recapitalization Bonds classified as held to maturity, loans, derivatives receivable and payable, fund borrowings and subordinated loans, approximate their carrying values due to their short-term maturities.

The estimated fair values of certain financial assets are determined based on discounted cash flows using money market interest rates for instruments with similar credit risk and remaining maturities.

The estimated fair values of certain financial obligations which are not quoted in an active market are determined based on discounted cash flows using interest rates of instruments with similar remaining maturities.

- b) Securities and Government Recapitalization Bonds

The fair values of securities and Government Recapitalization Bonds classified as held to maturity are determined based on market prices or price quotations of intermediary (broker)/securities dealers. If the information is not available, fair values are estimated by using quoted market price of securities with credit characteristics, maturity and yield.

- c) Loans

BRI's loan portfolio generally consists of loans with floating rates and fixed rates. Loans are stated at carrying amount. The fair value of loans is derived based on discounted future cash flows expected to be received by BRI using current market rates.

Carrying value of loans with floating rate and fixed rate is a reasonable estimate of its fair value.

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38. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

Methods and assumptions used to estimate fair value are as follows (continued):

d) Derivatives receivable and payable

The fair values of derivatives instrument valued by valuation techniques using components which can be observed in the market, primarily are interest rate swaps, currency swaps and currency exchange contracts. Most widely used valuation techniques include forward and swap valuation models which use the present value calculation. The models incorporate various components which include the credit quality of the counterparty, spot value and future contracts and interest rate curve.

e) Fund borrowings and subordinated loans

Fair value is calculated based on discounted cash flow models by using market rates for the remaining maturity period.

The following table presents financial instruments measured at fair value based on the hierarchy used by BRI to determine and disclose the fair value of financial instruments :

- a. Level 1: quoted from active market price for identical financial asset or liability;
- b. Level 2: involves input other than quoted active market price classified in level 1 which are observable for asset and liability, directly (price) or indirectly (derivative of price);
- c. Level 3: input for asset and liability which are not based on observable market data (unobservable input).

	December 31, 2012		
	Carrying Value	Level 1	Level 2
Financial Assets			
Fair value through profit or loss			
Mutual Fund	10,998	10,998	-
Credit Linked Notes	530,063	-	530,063
Government Bonds	71,925	71,295	-
	<u>612,986</u>	<u>82,293</u>	<u>530,063</u>
Available For Sale			
Certificate of Bank Indonesia	4,043,563	4,043,563	-
Bonds	362,648	362,648	-
Medium Term Notes	48,470	48,470	-
Government Bonds	9,118,593	9,118,593	-
Government Recapitalization Bonds	715,616	715,616	-
	<u>14,288,890</u>	<u>14,288,890</u>	<u>-</u>
	<u>14,901,876</u>	<u>14,371,183</u>	<u>530,063</u>

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38. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

	December 31, 2011		
	Carrying Value	Level 1	Level 2
Financial Assets			
Fair value through profit or loss			
Mutual Fund	10,479	10,479	-
Credit Linked Notes	498,713	-	498,713
Government Bonds	53,933	53,933	-
	<u>563,125</u>	<u>64,412</u>	<u>498,713</u>
Available For Sale			
Certificate of Bank Indonesia	8,589,317	8,589,317	-
Bonds	291,558	291,558	-
Medium Term Notes	46,022	46,022	-
Government Bonds	6,489,133	6,489,133	-
Government Recapitalization Bonds	5,396,026	5,396,026	-
	<u>20,812,056</u>	<u>20,812,056</u>	<u>-</u>
	<u>21,375,181</u>	<u>20,876,468</u>	<u>498,713</u>

	December 31, 2010		
	Carrying Value	Level 1	Level 2
Financial Assets			
Fair value through profit or loss			
Mutual Fund	9,562	9,562	-
Certificate of Bank Indonesia	193,582	193,582	-
	<u>203,144</u>	<u>203,144</u>	<u>-</u>
Available For Sale			
Certificate of Bank Indonesia	8,440,168	8,440,168	-
Bonds	195,883	195,883	-
Medium Term Notes	44,589	44,589	-
Government Bonds	4,391,655	4,391,655	-
Government Recapitalization Bonds	6,026,463	6,026,463	-
	<u>19,098,758</u>	<u>19,098,758</u>	<u>-</u>
	<u>19,301,902</u>	<u>19,301,902</u>	<u>-</u>

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39. THE INITIAL IMPLEMENTATION OF SFAS NO. 50 (REVISED 2006) AND SFAS NO. 55 (REVISED 2006)

SFAS No. 50 (Revised 2006), "Financial Instruments: Presentation and Disclosures" and SFAS No. 55 (Revised 2006), "Financial Instruments: Recognition and Measurement", became effective for Financial Statements beginning January 1, 2010 and applied prospectively.

The transitional regulations of the initial implementation of SFAS No. 50 (Revised 2006) and SFAS No. 55 (Revised 2006) are based on Technical Bulletin No. 4 issued by the Indonesian Institute of Accountants (IAI), which provides the following additional guidance:

1. Calculation of Effective Interest Rate

The calculation of effective interest rate for financial instruments measured at amortized cost which were acquired prior to and still have remaining balance as of January 1, 2010 is calculated by referring to the future cash flows that will be generated from the time SFAS No. 55 (Revised 2006) is first implemented up to the maturity of the financial instruments.

2. Derecognition

Financial instruments that have been derecognized prior to January 1, 2010 should not be re-evaluated subsequently to determine whether they would meet the derecognition criteria under SFAS No. 55 (Revised 2006).

3. Compound Financial Instruments

Compound financial instruments which existed as of January 1, 2010 should be bifurcated into debt and equity components in accordance with the requirements of paragraph 11 of SFAS No. 50 (Revised 2006). The bifurcation should be based on the nature, condition and requirements relating to those financial instruments as of January 1, 2010.

4. Classification of Financial Instruments as Debt or Equity

BRI should reassess its financial instruments existing as of January 1, 2010, to determine whether they should be classified as a debt or equity instrument in accordance with the requirements of paragraph 11 of SFAS No. 50 (Revised 2006).

5. Impairment of Financial Instruments

As of January 1, 2010, BRI should determine any possible impairment of financial instruments based on conditions existing at that date. Any difference between the impairment resulting from implementation of SFAS No. 55 (Revised 2006) and the impairment calculated based on previous applicable accounting principles is recognized in retained earnings as of January 1, 2010.

For the implementation of the new standards, BRI has identified transition adjustments according to SFAS No. 50 (Revised 2006) and SFAS No. 55 (Revised 2006), PAPI (Revised 2008) and Technical Bulletin No. 4 on the transitional regulations of the aforementioned standards.

Transitional adjustments are mainly due to recalculation of allowance for impairment losses. The difference between the allowance for impairment losses calculated based on the new standard and previous standard is adjusted to the beginning balance of retained earnings at 2010, which was on January 1, 2010. The basis of recalculation of allowance for impairment losses is explained in Note 2f.

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39. THE INITIAL IMPLEMENTATION OF SFAS NO. 50 (REVISED 2006) AND SFAS NO. 55 (REVISED 2006) (continued)

Details of adjustment on transition date are as follows:

	January 1, 2010		
	Before adjustment	Impact of transitional adjustments on the implementation of SFAS No. 50 (Revised 2006) and SFAS No. 55 (Revised 2006)	After adjustment
<u>Assets-net of allowance for impairment losses</u>			
Current accounts with other banks	8,990,275	90,810	9,081,085
Placements with Bank Indonesia and other banks	40,495,057	136,233	40,631,290
Securities	24,478,132	55,699	24,533,831
Derivatives receivable	143,472	1,449	144,921
Loans	194,242,503	17,266	194,259,769
Deferred tax assets	1,915,026	(71,049)	1,843,977
<u>Equity</u>			
Retained earnings	17,834,694	230,408	18,065,102

40. SEGMENT INFORMATION

Information concerning the segments of BRI and Subsidiaries are as follows:

a. Corporate Name	Main Business
PT Bank Rakyat Indonesia (Persero) Tbk	Conventional Banking
PT Bank BRISyariah	Sharia Banking
PT Bank Rakyat Indonesia Agroniaga Tbk	Conventional Banking
BRI Remittance Co. Ltd Hong Kong	Financial Service

b. Operating Segment

For management purposes, BRI is organized into 5 (five) operating segment based on products are as follows:

- Micro Segment
- Retail Segment
- Corporate Segment
- Other Segments
- Subsidiaries

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40. SEGMENT INFORMATION (continued)

b. Operating Segment (continued)

Information concerning the operating segments of BRI and Subsidiaries are as follows:

Description	2012					
	Micro	Retail	Corporate	Others	Subsidiaries	Total
Interest income - net	16,245,047	14,583,543	3,156,294	1,476,258	1,022,624	36,483,766
Other operating income	2,882,661	4,034,082	418,621	861,837	192,531	8,389,732
Total income	19,127,708	18,617,625	3,574,915	2,338,095	1,215,155	44,873,498
Operating expenses	(6,811,859)	(8,090,789)	(1,908,908)	(1,790,492)	(888,984)	(19,491,032)
Provision for impairment losses	(1,841,805)	(749,039)	36,213	522	(145,819)	(2,699,928)
Total expenses	(8,653,664)	(8,839,828)	(1,872,695)	(1,789,970)	(1,034,803)	(22,190,960)
Other income (expenses)	680,448	383,474	9,146	95,632	8,334	1,177,034
Income before income tax expense	11,154,492	10,161,271	1,711,366	643,757	188,686	23,859,572
Income tax expense	(2,414,984)	(2,199,948)	(370,516)	(132,436)	(54,308)	(5,172,192)
Non-controlling interest	-	-	-	(6,496)	-	(6,496)
Income for the year	8,739,508	7,961,323	1,340,850	504,825	134,378	18,680,884
Segment Assets						
Loans	115,158,007	145,332,428	87,736,754	-	13,779,354	362,006,543
Allowance for impairment losses	(7,873,344)	(3,039,110)	(3,671,471)	-	(330,940)	(14,914,865)
Non Loans	-	-	-	197,568,562	4,651,639	202,220,201
	107,284,663	142,293,318	84,065,283	197,568,562	18,100,053	549,311,879
Segment Liabilities						
Funding	126,593,606	226,985,513	82,518,728	-	14,068,536	450,166,383
Non funding	-	-	-	33,666,602	2,622,026	36,288,628
	126,593,606	226,985,513	82,518,728	33,666,602	16,690,562	486,455,011

Description	2011					
	Micro	Retail	Corporate	Others	Subsidiaries	Total
Interest income - net	16,132,720	14,524,830	2,441,114	771,253	557,159	34,427,076
Other operating income	1,464,365	3,448,881	76,809	496,655	289,265	5,775,975
Total income	17,597,085	17,973,711	2,517,923	1,267,908	846,424	40,203,051
Operating expenses	(6,693,499)	(6,824,856)	(1,880,712)	(888,595)	(797,965)	(17,085,627)
Provision for impairment losses	(2,486,984)	(2,843,523)	77,967	(279,926)	(728)	(5,533,194)
Total expenses	(9,180,483)	(9,668,379)	(1,802,745)	(1,168,521)	(798,693)	(22,618,821)
Other income (expenses)	586,739	161,774	464,330	(55,445)	14,252	1,171,650
Income before income tax expense	9,003,341	8,467,106	1,179,508	43,942	61,983	18,755,880
Income tax expense	(1,753,613)	(1,656,166)	(229,737)	(8,847)	(19,521)	(3,667,884)
Non-controlling interest	-	-	-	(5,057)	-	(5,057)
Income for the year	7,249,728	6,810,940	949,771	30,038	42,462	15,082,939
Segment Assets						
Loans	97,736,464	129,616,015	56,230,720	-	10,931,773	294,514,972
Allowance for impairment losses	(5,469,064)	(7,252,956)	(3,146,517)	-	(221,435)	(16,089,972)
Non Loans	-	-	-	186,184,471	2,657,855	188,842,326
	92,267,400	122,363,059	53,084,203	186,184,471	13,368,193	467,267,326
Segment Liabilities						
Funding	107,527,312	228,634,929	35,985,880	-	12,116,224	384,264,345
Non funding	-	-	-	34,562,641	1,251,969	35,814,610
	107,527,312	228,634,929	35,985,880	34,562,641	13,368,193	420,078,955

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40. SEGMENT INFORMATION (continued)

b. Operating Segment (continued)

Information concerning the operating segments of BRI and Subsidiaries are as follows (continued):

Description	2010					
	Micro	Retail	Corporate	Others	Subsidiaries	Total
Interest income - net	15,212,128	13,871,682	2,986,229	452,500	366,064	32,888,603
Other operating Income	1,096,775	3,174,462	138,055	1,045,243	89,998	5,544,533
Total income	16,308,903	17,046,144	3,124,284	1,497,743	456,062	38,433,136
Operating expenses	(6,122,167)	(6,261,146)	(1,789,934)	(1,481,924)	(458,521)	(16,113,692)
Provision for impairment losses	(2,535,763)	(4,090,358)	(583,863)	(716,222)	8,763	(7,917,443)
Total expenses	(8,657,930)	(10,351,504)	(2,373,797)	(2,198,146)	(449,758)	(24,031,135)
Other income (expenses)	342,460	76,334	47,930	30,504	9,001	506,229
Income before income tax expense	7,993,433	6,770,974	798,417	(669,899)	15,305	14,908,230
Income tax expense	(1,840,211)	(1,558,782)	(183,808)	151,817	(4,861)	(3,435,845)
Income for the year	6,153,222	5,212,192	614,609	(518,082)	10,444	11,472,385
Segment Assets						
Loans	81,832,169	120,040,045	45,092,023	-	5,524,969	252,489,206
Allowance for impairment losses	(4,681,219)	(6,783,319)	(2,526,916)	-	(111,376)	(14,102,830)
Non Loans	-	-	-	163,125,253	478,872	163,604,125
	77,150,950	113,256,726	42,565,107	163,125,253	5,892,465	401,990,501
Segment Liabilities						
Funding	89,994,769	206,376,899	32,184,132	-	5,096,597	333,652,397
Non funding	-	-	-	33,164,228	795,867	33,960,095
	89,994,769	206,376,899	32,184,132	33,164,228	5,892,464	367,612,492

c. Geographical Segment

Description	Net interest income, operating and investment income		
	2012	2011	2010
Indonesia	44,703,235	40,118,940	38,376,155
USA	168,286	82,516	56,981
Hong Kong	1,977	1,595	-
Total	44,873,498	40,203,051	38,433,136
Description	Income before tax benefit (expense)		
	2012	2011	2010
Indonesia	23,743,590	18,679,828	14,875,759
USA	115,621	75,755	32,471
Hong Kong	361	297	-
Total	23,859,572	18,755,880	14,908,230

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40. SEGMENT INFORMATION (continued)

c. Geographical Segment (continued)

Description	Total assets		
	2012	2011	2010
Indonesia	536,235,345	460,573,399	396,031,571
USA	13,073,719	6,691,600	5,958,930
Hong Kong	2,815	2,327	-
Total	549,311,879	467,267,326	401,990,501

Description	Total liabilities		
	2012	2011	2010
Indonesia	473,593,925	413,541,559	361,741,305
USA	12,860,852	6,537,153	5,871,187
Hong Kong	234	243	-
Total	486,455,011	420,078,955	367,612,492

41. EMPLOYEES PROGRAM

a. Defined Benefit Pension Plan (PPMP)

Effective January 1, 2007, all newly appointed permanent employees are not included in the PPMP program. Under this program, the right to pension benefits is given based on the established conditions which are stated in the regulations of BRI with consideration to the yearly gratuity factor over the working period and income on the Pension Fund. BRI's pension plan is managed by Dana Pensiun BRI (DPBRI). According to the regulation in BRI's Directors' Decision Letter, the employee's contribution for pension contribution amounted to 7% of the employee's pension-based salary and any remaining amount required to fund DPBRI represents the contribution by BRI, amounted to 22.58% (previously 22.43%) since September 1, 2012.

The actuarial calculation of BRI's pension costs as of December 31, 2012, 2011 and 2010, was prepared by PT Bestama Aktuaria, an independent actuary, in its reports dated January 4, 2013, January 17, 2012 and January 26, 2011, respectively, which were prepared in accordance with SFAS No. 24 (Revised 2010), by using the "Projected Unit Credit Method" and considering the following assumptions:

	2012	2011	2010
Annual discount rate	5.67%	6.5%	9.0%
Annual pension-based salary growth rate	7.5	7.5	7.5
Annual pension benefit growth rate	4.0	4.0	4.0
Mortality rate	CSO 1958	CSO 1958	CSO 1958
Disability rate	10.0% of CSO 1958	10.0% of CSO 1958	10.0% of CSO 1958
Normal retirement age	56 years old	56 years old	56 years old

The assets of DPBRI mainly consist of saving deposits, time deposits, securities, mutual fund units, securities with collateral assets and long-term investments in the form of shares of stocks and property.

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41. EMPLOYEES PROGRAM (continued)

a. Defined Benefit Pension Plan (PPMP) (continued)

The status of the pension plan based on the actuarial calculation is as follows:

	2012	2011	2010	2009
Assets at fair value	11,021,236	9,370,652	8,785,181	7,578,545
Present value of defined benefit pension liabilities	(14,359,520)	(11,345,025)	(8,400,544)	(6,821,484)
Pension program funded status	(3,338,284)	(1,974,373)	384,637	757,061
(Gain) loss on unrecognized actuarial adjustments	2,689,837	1,345,298	(732,773)	(887,840)
Unrecognized past service cost (non-vested)	75,157	82,363	89,569	-
Defined benefit pension liabilities	(573,290)	(546,712)	(258,567)	(130,779)

Movements in the defined benefit pension liabilities for the years ended December 31, 2012, 2011 and 2010 are as follows:

	2012	2011	2010
Beginning balance	546,712	258,567	130,779
Defined benefit pension expense - net (Note 33)	497,852	447,856	276,275
BRI contributions	(471,274)	(159,711)	(148,487)
Ending balance (Note 26)	573,290	546,712	258,567

Defined benefit pension expense for the years ended December 31, 2012, 2011 and 2010 based on the actuarial calculation is as follows:

	2012	2011	2010
Current service cost	389,239	286,297	213,891
Defined contribution plan	(62,621)	(57,851)	(57,610)
Interest cost	737,427	756,049	682,148
Expected return on plan assets	(1,125,415)	(922,444)	(795,747)
Recognized actuarial gain-net	(17,464)	-	(10,198)
Immediate recognition of past service cost (non vested)	7,206	7,206	-
Immediate recognition of past service cost (vested)	569,480	378,599	243,791
Defined benefit pension expense (Note 33)	497,852	447,856	276,275

b. Old-Age Benefits Plan

BRI's employees are also given old-age benefits (THT) based on the regulation as stated in the Decision Letter of the Directors of BRI. BRI's old-age benefits plan is managed by Yayasan Kesejahteraan Pegawai BRI.

Old-age benefit contributions consist of payments from the employees and BRI's contributions in accordance with the requirements of the Decision Letter of Directors of BRI.

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41. EMPLOYEES PROGRAM (continued)

b. Old-Age Benefits Plan (continued)

Based on the actuarial calculation of BRI's old-age benefits as of December 31, 2012, 2011 and 2010, which was prepared by PT Bestama Aktuarial, an independent actuary, in its reports dated January 4, 2013, January 17, 2012 and January 26, 2011, which were prepared in accordance with SFAS No. 24 (Revised 2010), by using the "Projected Unit Credit Method" with the following assumptions:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Discount rate	5.8%	6.5%	9.0%
Salary's growth rate	7.5	7.5	7.5
Mortality rate	CSO 1958	CSO 1958	CSO 1958
Disability rate	10.0% of CSO 1958	10.0% of CSO 1958	10.0% of CSO 1958

The status of the old-age benefits as of December 31, 2012, 2011 and 2010 based on the actuarial calculation is as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Assets at fair value	3,031,998	2,272,191	2,182,880
Present value of old-age benefits liability	(986,681)	(899,849)	(1,031,664)
Funded status	<u>2,045,317</u>	<u>1,372,342</u>	<u>1,151,216</u>

Old-age benefits expense for the years ended December 31, 2012, 2011 and 2010 based on the actuarial calculation is as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Current service cost	31,910	24,424	14,699
Interest cost	58,490	92,850	99,912
Expected return on plan assets	(228,582)	(196,459)	(186,968)
Net actuarial losses (gain) recognized	(478,067)	(91,704)	48,071
Deferred assets	672,974	221,126	72,912
Old-age benefits expense	<u>56,725</u>	<u>50,237</u>	<u>48,626</u>

For the years ended December 31, 2012, 2011 and 2010, BRI did not recognize the prepaid old-age benefits and the income of old-age benefits as BRI management has no benefits on those assets and has no plans to reduce its contributions in the future.

c. Defined Contribution Pension Plan

The employees of BRI are also included in the defined contribution pension plan in accordance with BRI Directors' decision which was effective October 2000. BRI's contributions to the plan which are reported in the consolidated statements of comprehensive income amounted to Rp104,385, Rp77,670 and Rp680,318 for the years ended December 31, 2012, 2011 and 2010, respectively (Note 33). This pension plan is managed by Dana Pensiun Lembaga Keuangan BRI.

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41. EMPLOYEES PROGRAM (continued)

d. Work Separation Scheme

(i) BRI (Parent Entity)

The calculation performed by the management of BRI of liabilities related to allowance for cost settlement of separation which include severance, gratuity and compensation benefits were based on actuarial valuation assumption in compliance with Labor Law No. 13/2003 dated March 25, 2003 as of December 31, 2012, 2011 and 2010. The actuarial calculations were performed by PT Bestama Aktuarial, an independent actuary, in its reports dated January 4, 2013, January 17, 2012 and January 26, 2011, by using the "Projected Unit Credit Method" with the following assumptions:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Discount rate	5.8%	6.5%	9.0%
Future salary's growth rate	7.5	7.5	7.5
Mortality rate	CSO 1958	CSO 1958	CSO 1958
Disability rate	10.0% of CSO 1958	10.0% of CSO 1958	10.0% of CSO 1958

The status of the work separation scheme as of December 31, 2012, 2011 and 2010 based on the actuarial calculation is as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Present value of work separation liability	(833,035)	(583,133)	(259,300)
Unrecognized actuarial (gains) losses	192,270	49,662	(245,470)
Work separation scheme liability	(640,765)	(533,471)	(504,770)

Movements in the work separation scheme liability as of December 31, 2012, 2011 and 2010 are as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Beginning balance	533,471	504,770	461,621
Work separation scheme expense - net (Note 33)	138,314	52,674	69,320
Actual benefit payments by BRI	(31,020)	(23,973)	(26,171)
Ending balance (Note 26)	640,765	533,471	504,770

The calculation of work separation scheme expense for the years ended December 31, 2012, 2011 and 2010 based on the actuarial calculation is as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Current service cost	85,832	45,524	19,356
Interest cost	52,482	23,337	48,347
Recognition of current year (gain) loss	-	(16,187)	1,617
Work separation scheme expense (Note 33)	138,314	52,674	69,320

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41. EMPLOYEES PROGRAM (continued)

d. Work Separation Scheme (continued)

(ii) BRISyariah (Subsidiary)

The Subsidiary provides the work separation scheme based on the provisions of Labor Law No. 13/2003 dated March 25, 2003.

The following tables summarize the components of the work separation scheme expense recognized in the consolidated statements of comprehensive income and recognized in the consolidated statements of financial position for the work separation scheme liability as of December 31, 2012, 2011 and 2010, as determined by PT Katsir Imam Sapto Sejahtera Aktuarial, an independent actuary, in its reports dated January 4, 2013, January 20, 2012 and February 16, 2011, respectively, by using the "Projected Unit Credit Method" with the following assumptions:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Annual discount rate	6.0%	7.0%	10.0%
Annual salary's growth rate	5.0	5.0	5.0
Mortality rate	TMI-III 2011	TMI-II 1999	TMI-II 1999

As of December 31, 2012, 2011 and 2010, the status of the work separation scheme based on the actuarial calculation is as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Present value of work separation liability	(27,423)	(15,610)	(5,631)
Accumulation of unrecognized actuarial gain	(2,501)	(3,018)	(5,009)
Work separation scheme liability	(29,924)	(18,628)	(10,640)

Movements in the work separation scheme liability for the years ended December 31, 2012, 2011 and 2010 are as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Beginning balance	18,628	10,640	7,119
Work separation scheme expense - net (Note 33)	11,300	8,107	4,117
Actual benefit payments	(4)	(119)	(596)
Ending balance (Note 26)	29,924	18,628	10,640

The work separation scheme expense for the years ended December 31, 2012, 2011 and 2010 based on the actuarial calculation is as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Current service cost	10,428	7,919	4,002
Interest expense	937	394	305
Amortization of accumulated actuarial gains	(65)	(206)	(190)
Work separation scheme expense (Note 33)	11,300	8,107	4,117

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41. EMPLOYEES PROGRAM (continued)

d. Work Separation Scheme (continued)

(iii) BRI Agro (Subsidiary)

The Subsidiary provides the work separation scheme based on the provisions of Labor Law No. 13/2003 dated March 25, 2003.

The following tables summarize the components of the work separation scheme expense recognized in the consolidated statements of comprehensive income and recognized in the consolidated statements of financial position for the work separation scheme liability as of December 31, 2012 and 2011 as determined by PT Bestama Aktuarial and PT Bumi Persada Aktuarial, independent actuaries, in their report dated January 11, 2013 and February 10, 2012, respectively, by using the "Projected Unit Credit Method" with the following assumptions:

	2012	2011
Discount rate	6.0%	7.0%
Annual salary increase rate	8.0	8.0
	2012	2011
Mortality rate	TMI 2011	TMI 1999
Disability rate	10% of TMI 2011	10% of TMI 1999

As of December 31, 2012 and 2011, the status of the work separation scheme based on the actuarial calculation is as follows:

	2012	2011
Present value of work separation liability	(25,738)	(27,943)
Accumulation of unrecognized actuarial gain	6,070	12,110
Immediate recognition of past service cost	5,919	3,118
Work separation scheme liability	(13,749)	(12,715)

Movements in the work separation scheme liability for the year ended December 31, 2012 and 2011 are as follows:

	2012	2011
Beginning balance	12,715	8,814
Expense recognized in the current year (Note 33)	5,636	4,973
Actual benefit payments	(4,602)	(1,072)
Ending balance (Note 26)	13,749	12,715

The work separation scheme expense for the year ended December 31, 2012 and 2011 based on the actuarial calculation is as follows:

	2012	2011
Current service cost	2,628	3,030
Interest expense	1,956	1,380
Actuarial losses	632	362
Amortization of past service cost	420	201
Work separation scheme expense (Note 33)	5,636	4,973

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41. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits

BRI employees also have long-term employee benefits, such as gratuity for services, grand leaves and pension preparation period (MPP).

(i) Allowance for gratuity for services

The actuarial calculation on gratuity for services as of December 31, 2012, 2011 and 2010 was prepared by PT Bestama Aktuarial, an independent actuary, in its reports dated January 4, 2013, January 17, 2012 and January 26, 2011, respectively, by using the "Projected Unit Credit Method" with the following assumptions:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Discount rate	5.8%	6.5%	9.0%
Future salary's growth rate	7.5	7.5	7.5
Gold price growth rate	10.0	10.0	7.0
Mortality rate	CSO 1958	CSO 1958	CSO 1958
Disability rate	10.0% of CSO 1958	10.0% of CSO 1958	10.0% of CSO 1958

The present value of liability for gratuity for services based on the actuarial calculation amounted to Rp825,709, Rp670,744 and Rp548,777 as of December 31, 2012, 2011 and 2010, respectively.

Movements in liability for gratuity for services for the years ended December 31, 2012, 2011 and 2010 are as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Beginning balance of liability	670,744	548,777	463,682
Gratuity for service expense - net (Note 33)	192,577	162,604	123,335
Benefit payments by BRI	(37,612)	(40,637)	(38,240)
Gratuity for services liability (Note 26)	825,709	670,744	548,777

The gratuity for service expense for the years ended December 31, 2012, 2011 and 2010 based on the actuarial calculation is as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Current service cost	56,886	44,466	32,766
Interest expense	43,598	49,390	46,368
Recognized actuarial losses	92,093	68,748	44,201
Gratuity for services expense (Note 33)	192,577	162,604	123,335

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41. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

(ii) Grand leaves

i. BRI (Parent Entity)

The actuarial calculation for grand leaves as of December 31, 2012, 2011 and 2010 was prepared by PT Bestama Aktuarial, an independent actuary, in its reports dated January 4, 2013, January 17, 2012 and January 26, 2011, respectively, by using the "Projected Unit Credit Method" with the following assumptions:

	2012	2011	2010
Discount rate	5.8%	6.5%	9.0%
Future salary's growth rate	7.5	7.5	7.5
Mortality rate	CSO 1958	CSO 1958	CSO 1958
Disability rate	10.0% of CSO 1958	10.0% of CSO 1958	10.0% of CSO 1958

The present value of liability of allowance for grand leaves based on the actuarial calculation amounted to Rp887,617, Rp750,623 and Rp626,199 as of December 31, 2012, 2011 and 2010, respectively.

Movements in liability for grand leaves as of December 31, 2012, 2011 and 2010 are as follows:

	2012	2011	2010
Beginning balance of liability	750,623	626,199	580,422
Grand leaves expense - net (Note 33)	217,635	179,395	90,346
Benefit payments by BRI	(80,641)	(54,971)	(44,569)
Grand leaves liability (Note 26)	887,617	750,623	626,199

The grand leaves expense for the years ended December 31, 2012, 2011 and 2010 based on the actuarial calculation is as follows:

	2012	2011	2010
Current service cost	88,398	70,110	55,535
Interest expense	48,790	56,358	58,042
Recognized actuarial (gain) losses	80,447	52,927	(23,231)
Grand leaves expense (Note 33)	217,635	179,395	90,346

ii. BRISyariah (Subsidiary)

The Subsidiary also provides grand leaves program to its employees as one of their benefits.

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41. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

(ii) Grand leaves (continued)

ii. BRISyariah (Subsidiary) (continued)

The actuarial calculation for grand leaves was recorded in the consolidated statements of comprehensive income and recognized in the consolidated statements of financial position as of December 31, 2012, 2011 and 2010 as determined by PT Katsir Imam Sapto Sejahtera Aktuaria, an independent actuary, in its reports dated January 4, 2013, January 20, 2012 and February 16, 2011, respectively, by using the "Projected Unit Credit Method" with the following assumptions:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Discount rate	6.0%	7.0%	10.0%
Future salary's growth rate	5.0	5.0	5.0
Mortality rate	TMI-III 2011	TMI-II 1999	TMI-II 1999
Normal retirement age	56 years old	56 years old	56 years old

The present value of liability of allowance for grand leaves based on the actuarial calculation amounted to Rp13,153, Rp6,915 and Rp2,386 as of December 31, 2012, 2011 and 2010, respectively.

Movements in liability for grand leaves for the years ended December 31, 2012, 2011 and 2010 are as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Beginning balance of liability	6,915	2,386	808
Grand leaves expense - net (Note 33)	6,238	4,529	1,578
Grand leaves liability (Note 26)	13,153	6,915	2,386

The grand leaves expense of the Subsidiary for the years ended December 31, 2012, 2011 and 2010 based on the actuarial calculation is as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Current service cost	5,701	4,305	1,506
Interest expense	537	224	73
Amortization of accumulated actuarial gains	-	-	(1)
Grand leaves expense (Note 33)	6,238	4,529	1,578

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41. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

(ii) Grand leaves (continued)

iii. BRI Agro (Subsidiary)

The Subsidiary also provides grand leaves program to its employees as one of their benefits.

The actuarial calculation for grand leaves recognized in the consolidated statements of comprehensive income and recognized in the consolidated statements of financial position as of December 31, 2012 and 2011 was prepared by PT Bestama Aktuaria and PT Bumi Persada Aktuaria, an independent actuary, in its report dated January 11, 2013 and February 10, 2012, by using the "Projected Unit Credit Method" with the following assumptions:

	<u>2012</u>	<u>2011</u>
Discount rate	6.8%	7.0%
Future salary's growth rate	8.0	8.0
Mortality rate	TMI 2011	TMI 1999

The present value of liability of allowance for grand leaves of the Subsidiary based on the actuarial calculation amounted to Rp2,676 and Rp3,224 as of December 31, 2012 and 2011, respectively.

Movements in liability for grand leaves for the year ended December 31, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Beginning balance of liability	3,224	999
Expense recognized in the current year (Note 33)	344	2,607
Benefit payments	(892)	(382)
Grand leaves liability (Note 26)	<u>2,676</u>	<u>3,224</u>

The grand leaves expense of the Subsidiary for the year ended December 31, 2012 and 2011 based on the actuarial calculation is as follows:

	<u>2012</u>	<u>2011</u>
Current service cost	948	439
Interest expense	226	90
Recognized actuarial (gain) losses	(830)	2,078
Grand leaves expense (Note 33)	<u>344</u>	<u>2,607</u>

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41. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

(iii) Pension preparation period

i. BRI (Parent Entity)

The actuarial calculation of pension preparation period as of December 31, 2012, 2011 and 2010 was prepared by PT Bestama Aktuarial, an independent actuary, in its reports dated January 4, 2013, January 17, 2012 and January 26, 2011, respectively, by using the "Projected Unit Credit Method" with the following assumptions:

	2012	2011	2010
Discount rate	6.0%	6.5%	9.0%
Future salary's growth rate	7.5	7.5	7.5
Mortality rate	CSO 1958	CSO 1958	CSO 1958
Disability rate	10.0% of CSO 1958	10.0% of CSO 1958	10.0% of CSO 1958

The present value of liability of allowance for pension preparation period based on the actuarial calculation amounted to Rp58,030, Rp1,140,913 and Rp878,569 as of December 31, 2012, 2011 and 2010, respectively.

Movements in the liability for pension preparation period for the years ended December 31, 2012, 2011 and 2010 are as follows:

	2012	2011	2010
Beginning balance of liability	1,140,913	878,569	957,750
Pension preparation period (income) expense (Note 33)	(985,007)	347,952	16,608
Benefit payments by BRI	(97,876)	(85,608)	(95,789)
Pension preparation period liability (Note 26)	58,030	1,140,913	878,569

Pension preparation period expense for the years ended December 31, 2012, 2011 and 2010 based on the actuarial calculation is as follows:

	2012	2011	2010
Current service cost	135,628	90,112	46,385
Interest expense	74,159	79,071	95,775
Recognized actuarial (gains) losses	(1,194,794)	178,769	(125,552)
Pension preparation period (income) expense (Note 33)	(985,007)	347,952	16,608

Based on Decision Letter No.S.248-DIR/KPS/12/2012 dated December 21, 2012, the Board of Directors of BRI resolved that it is compulsory for employees to remain actively employed until the normal pension age of 56 (fifty six) years without undergoing pension preparation period (MPP) effective January 1, 2014. For employees entering age of 55 (fifty five) years in 2013 have the option to undergo pension preparation period or remain actively employed until the age of 56 (fifty six) years. Reversal of pension preparation period (MPP) allowance in accordance with the aforementioned Decision Letter is recorded in the other operating income account.

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41. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

(iii) Pension preparation period (continued)

ii. BRI Agro (Subsidiary)

Effective March 12, 2012, the Subsidiary also provides pension preparation period to its employees as one of their benefits.

The actuarial calculation for pension preparation period as of December 31, 2012 was prepared by PT Bestama Aktuarial, an independent actuary, in its report dated January 11, 2013 by using the "Projected Unit Credit Method" with the following assumptions:

	2012
Discount rate	6.0%
Future salary's growth rate	8.0
Mortality rate	TMI 2011
Disability rate	10% of TMI 2011

The present value of liability of allowance for pension preparation period based on the actuarial calculation amounted to Rp1,981 as of December 31, 2012, respectively.

Movements in the liability for pension preparation period for the year ended December 31, 2012 is as follows:

	2012
Beginning balance of liability	-
Pension preparation period expense - net (Note 33)	2,152
Benefit payments by BRI	(171)
Pension preparation period liability (Note 26)	1,981

Pension preparation period expense for the year ended December 31, 2012 based on the actuarial calculation is as follows:

	2012
Current service cost	955
Interest expense	563
Recognized actuarial losses	634
Pension preparation period expense (Note 33)	2,152

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42. INFORMATION ON COMMITMENTS AND CONTINGENCIES

	2012	2011	2010
<u>Commitments</u>			
Commitments liabilities			
Unused credit facilities granted to debtors	75,649,401	60,313,628	38,186,517
Irrevocable letters of credit (Note 25c)	12,231,900	6,843,251	4,932,139
Others	97,225	89,942	111,513
Total commitments liabilities	87,978,526	67,246,821	43,230,169
Commitments - net	(87,978,526)	(67,246,821)	(43,230,169)
<u>Contingencies</u>			
Contingent receivables			
Interest receivables under settlement	221,217	834,315	756,016
Others	-	486	602,218
Total contingent receivables	221,217	834,801	1,358,234
Contingent liabilities			
Guarantees issued (Note 25c) in the form of:			
Standby letters of credit	6,158,676	1,810,379	1,336,368
Bank guarantees	6,103,142	4,428,146	2,465,003
Total contingent liabilities	12,261,818	6,238,525	3,801,371
Contingencies - net	(12,040,601)	(5,403,724)	(2,443,137)

43. TRANSACTIONS WITH RELATED PARTIES

In the normal course of the business, BRI engages in transactions with related parties due to the relationship of ownership and/or management. All transactions with related parties have been made according to the mutually agreed policies and terms.

Balances and transactions with related parties are as follows:

Related parties	Relationship	Element of transactions
Ministry of Finance of the Republic of Indonesia	Control through the Central Government of the Republic of Indonesia	Loans
Lembaga Pembiayaan Ekspor Indonesia	Control through the Central Government of the Republic of Indonesia	Placements in Bank Indonesia and other Banks, Securities, Fund borrowings
Government of the Republic of Indonesia (RI)	Ownership of majority shares through the Ministry of Finance of the Republic of Indonesia	Securities, Government Recapitalization Bonds
Perum BULOG	Control through the Central Government of the Republic of Indonesia	Loans, Irrevocable L/C

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43. TRANSACTIONS WITH RELATED PARTIES (continued)

Balances and transactions with related parties are as follows (continued):

Related parties	Relationship	Element of transactions
Perum DAMRI	Control through the Central Government of the Republic of Indonesia	Sharia receivables and financing
Perum Pegadaian	Control through the Central Government of the Republic of Indonesia	Securities, Loans
Perum Percetakan Republic of Indonesia	Control through the Central Government of the Republic of Indonesia	Acceptances receivable and Acceptances payable
PT Aneka Tambang (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Securities
PT Bank Bukopin Tbk	Control through the Central Government of the Republic of Indonesia	Current Accounts with other Banks, Placements in Bank Indonesia and other Banks, Deposits from other Banks and other financial institutions
PT Bank Mandiri (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Current Accounts with other Banks, Deposits from other Banks and other financial institutions
PT Bank Muamalat Indonesia Tbk	Control through the Central Government of the Republic of Indonesia	Deposits from other Banks and other financial institutions
PT Bank Negara Indonesia (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Current Accounts with other Banks, Placements in Bank Indonesia and other Banks, Deposits from other Banks and other financial institutions
PT Bank Tabungan Negara (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Securities, Deposits from other Banks and other financial institutions
PT BNI Securities	Control through the Central Government of the Republic of Indonesia	Placements in Bank Indonesia and other Banks
PT Bringin Gigantara	Ownership through Dana Pensiun BRI	Loans, Sharia receivables and financing
PT Bringin Indotama Sejahtera Finance	Ownership through Dana Pensiun BRI	Loans
PT Bringin Karya Sejahtera	Ownership through Dana Pensiun BRI	Loans, Sharia receivables and financing
PT Bringin Sejahtera Artha Makmur	Ownership through Dana Pensiun BRI	Loans

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43. TRANSACTIONS WITH RELATED PARTIES (continued)

Balances and transactions with related parties are as follows (continued):

Related parties	Relationship	Element of transactions
PT Bringin Srikandi Finance	Ownership through Dana Pensiun BRI	Loans
PT BTMU-BRI Finance	Ownership	Placement in Bank Indonesia and other Banks, Investment in associated entities
PT Dayamitra Telekomunikasi	Control through the Central Government of the Republic of Indonesia	Loans
PT Dirgantara Indonesia (Persero)	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable, Guarantees issued, Irrevocable L/C
PT Dok dan Perkapalan Kodja Bahari (Persero)	Control through the Central Government of the Republic of Indonesia	Irrevocable L/C
PT Indonesia Power	Control through the Central Government of the Republic of Indonesia	Guarantees issued
PT Industri Kereta Api	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable,
PT Inti (Persero)	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable
PT Jasa Marga (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Securities
PT Kereta Api (Persero)	Control through the Central Government of the Republic of Indonesia	Irrevocable L/C
PT Krakatau Steel (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable
PT Mega Eltra (Persero)	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable
PT Pal Indonesia (Persero)	Control through the Central Government of the Republic of Indonesia	Guarantees issued, Irrevocable L/C
PT Perkebunan Nusantara III (Persero)	Control through the Central Government of the Republic of Indonesia	Securities
PT Perkebunan Nusantara VII (Persero)	Control through the Central Government of the Republic of Indonesia	Securities

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43. TRANSACTIONS WITH RELATED PARTIES (continued)

Balances and transactions with related parties are as follows (continued):

Related parties	Relationship	Element of transactions
PT Permodalan Nasional Madani (Persero)	Control through the Central Government of the Republic of Indonesia	Fund borrowings
PT Pertamina (Persero)	Control through the Central Government of the Republic of Indonesia	Loans, Guarantees Issued
PT Pertamina Patra Niaga	Control through the Central Government of the Republic of Indonesia	Irrevocable L/C
PT Pertani (Persero)	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable
PT Perusahaan Gas Negara (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Guarantees issued
PT Perusahaan Listrik Negara (Persero)	Control through the Central Government of the Republic of Indonesia	Securities, Loans, Guarantees issued, Irrevocable L/C
PT Perusahaan Pengelola Aset	Control through the Central Government of the Republic of Indonesia	Placement in Bank Indonesia and other Banks
PT Petrokimia Gresik	Control through the Central Government of the Republic of Indonesia	Loans, Acceptances receivable, Acceptances payable
PT Pindad (Persero)	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable, Guarantees issued, Irrevocable L/C
PT Pupuk Kalimantan Timur	Control through the Central Government of the Republic of Indonesia	Export Bills
PT Pupuk Kujang (Persero)	Control through the Central Government of the Republic of Indonesia	Loans, Guarantees issued
PT Railink	Control through the Central Government of the Republic of Indonesia	Irrevocable L/C
PT Sarana Multigriya Finansial (Persero)	Control through the Central Government of the Republic of Indonesia	Securities, Fund Borrowings
PT Satkomindo Mediyasa	Ownership through Dana Pensiun BRI	Sharia receivables and financing
PT Taspen (Persero)	Control through the Central Government of the Republic of Indonesia	Loans

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43. TRANSACTIONS WITH RELATED PARTIES (continued)

Balances and transactions with related parties are as follows (continued):

Related parties	Relationship	Element of transactions		
PT Telekomunikasi Indonesia (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Loans		
PT Waskita Karya (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Guarantees issued		
PT Wijaya Karya (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable, Guarantees issued, Irrevocable L/C		
PT Wijaya Karya Bangunan dan Gedung	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable		
Key employees	Control on company's activities	Loans, Sharia receivables and financing		
		2012	2011	2010
Assets				
Current Accounts with other Banks (Note 5)				
PT Bank Negara Indonesia (Persero) Tbk		8,475	26,004	33,971
PT Bank Mandiri (Persero) Tbk		1,820	4,006	1,378
PT Bank Bukopin Tbk		10	10	-
		10,305	30,020	35,349
Placements with Bank Indonesia and other Banks (Note 6)				
PT Bank Negara Indonesia (Persero) Tbk		285,405	654,414	45,050
PT BTMU-BRI Finance		285,000	165,000	215,000
PT Bank Bukopin Tbk		150,000	-	230,000
PT Perusahaan Pengelola Aset		-	250,000	-
PT BNI Securities		-	20,000	10,000
Lembaga Pembiayaan Ekspor Indonesia		-	-	100,000
		720,405	1,089,414	600,050
Securities (Note 7)				
Government of Republic of Indonesia (RI)		17,833,966	13,105,958	7,047,637
Perum Pegadaian		257,832	257,728	10,398
Lembaga Pembiayaan Ekspor Indonesia		174,000	149,000	74,000
PT Jasa Marga (Persero) Tbk		111,497	105,362	105,005
PT Bank Tabungan Negara (Persero) Tbk		106,716	94,337	47,228
PT Aneka Tambang (Persero) Tbk		95,000	95,000	-
PT Perusahaan Listrik Negara (Persero)		90,180	91,012	90,480
PT Perkebunan Nusantara III (Persero)		50,000	50,000	50,000
PT Perkebunan Nusantara VII (Persero)		50,000	50,000	50,000
PT Sarana Multigriya Finansial (Persero)		40,000	70,000	65,000
Others		99,549	56,000	111,000
		18,908,740	14,124,397	7,650,748

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43. TRANSACTIONS WITH RELATED PARTIES (continued)

Balances and transactions with related parties are as follows (continued):

	2012	2011	2010
Assets (continued)			
Export Bills (Note 8)			
PT Pupuk Kalimantan Timur	14,281	-	-
Government Recapitalization Bonds (Note 9)			
Government of Republic of Indonesia	4,315,616	8,996,026	13,626,463
Loans (Note 12)			
PT Pertamina (Persero)	10,348,229	8,539,984	7,217,175
PT Perusahaan Listrik Negara (Persero)	8,211,065	6,838,464	6,199,343
Perum Pegadaian	4,769,429	4,858,401	4,246,385
PT Taspen (Persero)	4,500,000	4,014,051	3,390,000
PT Telekomunikasi Indonesia (Persero) Tbk	3,625,000	1,700,000	1,375,000
Perum BULOG	3,570,265	1,229,276	676,293
PT Petrokimia Gresik	2,444,483	900,518	642,743
Ministry of Finance of the Republic of Indonesia	1,711,741	820,519	270,284
PT Dayamitra Telekomunikasi	1,000,000	435,536	-
PT Pupuk Kujang	973,468	-	-
PT Bringin Srikandi Finance	548,005	193,312	187,218
PT Bringin Indotama Sejahtera Finance	185,840	113,445	158,432
PT Bringin Karya Sejahtera	9,632	18,020	20,652
PT Bringin Sejahtera Artha Makmur	444	1,134	-
PT Bringin Gigantara	-	3,637	5,971
Key employees	55,823	55,721	35,742
Others	15,313,603	7,928,391	5,567,662
	57,267,027	37,650,409	29,992,900
Sharia receivables and financing (Note 13)			
Perum DAMRI	75,994	73,276	-
PT Bringin Gigantara	17,621	25,063	5,029
PT Bringin Karya Sejahtera	9,237	13,408	17,018
PT Satkomindo Mediyasa	-	1,119	2,785
Key employees	15,670	8,994	5,639
	118,522	121,860	30,471
Acceptances receivable (Note 14)			
PT Krakatau Steel (Persero) Tbk	287,699	-	-
PT Dirgantara Indonesia (Persero)	231,467	-	-
PT Pindad (Persero)	95,497	-	-
Perum Percetakan Negara Republic of Indonesia	29,699	-	-
PT Inti (Persero)	23,499	91,632	15,380
PT Pertani (Persero)	17,702	-	-
PT Wijaya Karya Bangunan dan Gedung	349	-	-
PT Industri Kereta Api (Persero)	-	72,173	-
PT Petrokimia Gresik	-	126,360	-
PT Mega Eltra (Persero)	-	4,676	-
PT Wijaya Karya (Persero) Tbk	-	-	55,524
	685,912	294,841	70,904

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43. TRANSACTIONS WITH RELATED PARTIES (continued)

Balances and transactions with related parties are as follows (continued):

	2012	2011	2010
Assets (continued)			
Investment in associated entities (Note 15)			
PT BTMU-BRI Finance	195,334	163,281	134,130
Total assets from related parties	82,236,142	62,470,248	52,141,015
Total consolidated assets	551,336,790	469,899,284	404,285,602
Percentage of total assets from related parties to total consolidated assets	14.92%	13.29%	12.90%
Liabilities			
Demand Deposits (Note 19)			
Government Entities and Institutions	18,203,859	18,766,760	5,472,152
Key employees	4,774	21,978	1,498
Others	20,652	27,880	8,407
	18,229,285	18,816,618	5,482,057
Saving Deposits (Note 20)			
Government Entities and Institutions	206,272	7,400	182,241
Key employees	107,090	22,700	40,102
Others	73	-	9,477
	313,435	30,100	231,820
Time Deposits (Note 21)			
Government Entities and Institutions	43,169,843	18,102,800	26,529,739
Key employees	136,273	49,220	6,523
Others	404,541	355,395	10,458
	43,710,657	18,507,415	26,546,720
Deposits from other Banks and financial institutions (Note 22)			
Government Entities and Institutions	655,574	341,909	412,453
Acceptances Payable (Note 14)			
Government Entities and Institutions	685,912	294,841	70,904
Fund borrowings (Note 24)			
Government Entities and Institutions	276,221	232,425	-
Compensation to key employees management (Note 41)			
Present value of defined benefit pension liability	309,734	251,514	197,084
Present value of work separation liability	72,625	46,046	15,520
Present value of old-age benefits liability	45,082	40,106	39,010
Present value of gratuity for services liability	30,931	26,601	22,720
Present value of grand leaves liability	33,689	28,709	25,033
Present value of pension preparation period	2,686	71,830	55,174
	494,747	464,806	354,541
Total liabilities to related parties	64,365,831	38,688,114	33,098,495
Total consolidated liabilities	486,455,011	420,078,955	367,612,492
Percentage of liabilities to related parties to total consolidated liabilities	13.23%	9.21%	9.00%

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43. TRANSACTIONS WITH RELATED PARTIES (continued)

Balances and transactions with related parties are as follows (continued):

	2012	2011	2010
Commitments and contingencies in administrative accounts			
Guarantees issued (Note 25c)			
PT Perusahaan Gas Negara (Persero) Tbk	1,972,063	751,532	604,292
PT Pertamina (Persero)	851,530	108,368	89,693
PT Perusahaan Listrik Negara (Persero)	677,496	174,528	134,015
PT Wijaya Karya (Persero) Tbk	567,473	604,103	752,181
PT Pindad (Persero)	246,126	-	2,405
PT Indonesia Power	235,815	130,089	126,444
PT Dirgantara Indonesia (Persero)	224,692	103,297	6,091
PT Waskita Karya (Persero)	156,799	48,137	9,437
PT Pupuk Kujang (Persero)	133,905	113,355	112,637
PT Pal Indonesia (Persero)	46,446	-	-
Others	332,080	767,477	170,593
	5,444,425	2,800,886	2,007,788
Irrevocable L/C (Note 25c)			
PT Kereta Api (Pesero)	2,150,192	322,524	-
PT Dirgantara Indonesia (Persero)	1,125,563	517,667	6,333
PT Perusahaan Listrik Negara (Persero)	758,112	1,097,026	1,560,372
Perum BULOG	506,374	1,094,901	-
PT Wijaya Karya (Persero) Tbk	252,743	10,311	10,650
PT Pindad (Persero)	176,205	-	-
PT Railink	165,852	-	-
PT Pal Indonesia (Persero)	116,549	5,352	138
PT Pertamina Patra Niaga	108,422	-	-
PT Dok dan Perkapalan Kodja Bahari (Persero)	106,309	-	-
Others	602,268	734,612	569,925
	6,068,589	3,782,393	2,147,418
Salaries and allowances for the Boards of Directors and Commissioners (Note 33)	61,008	62,325	54,162
Tantien, bonuses and incentives for the Boards of Directors, Commissioners and key employees (Note 33)	225,076	204,724	147,180

Percentage of transactions with related parties to total consolidated assets and liabilities of BRI and Subsidiaries are as follows:

	2012	2011	2010
Assets			
Current Accounts with other Banks	0.002%	0.006%	0.009%
Placements with Bank Indonesia and other Banks	0.131	0.232	0.148
Securities	3.430	3.006	1.892
Export Bills	0.003	-	-
Government Recapitalization Bonds	0.783	1.914	3.371
Loans	10.387	8.012	7.419
Sharia receivables and financing	0.021	0.026	0.008
Acceptances receivable	0.124	0.063	0.018
Investment in associated entities	0.035	0.035	0.033
Total	14.916%	13.294%	12.898%

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43. TRANSACTIONS WITH RELATED PARTIES (continued)

Percentage of transactions with related parties to total consolidated assets and liabilities of BRI and Subsidiaries are as follows (continued):

	2012	2011	2010
Liabilities			
Demand Deposits	3.747%	4.479%	1.491%
Saving Deposits	0.064	0.007	0.063
Time Deposits	8.986	4.406	7.221
Deposits from other Banks and financial institutions	0.135	0.081	0.112
Acceptances payable	0.141	0.070	0.019
Fund borrowings	0.057	0.055	-
Compensation to key employees	0.102	0.111	0.096
Total	13.232%	9.209%	9.002%

As of December 31, 2012, 2011 and 2010, BRI (Parent Entity) insured certain premises and equipment to PT Asuransi Bringin Sejahtera Artha Makmur (related party) (Note 16).

44. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES

a. Communication Services Agreements

On August 13, 2012, BRI entered into an agreement with PT Satkomindo Mediyasa in connection with the procurement of VSAT communication services in 1,950 (one thousand nine hundreds fifty) locations of offsite ATM for 3 (three) years with the contract value of Rp57,798.

On March 19, 2012, BRI entered into an agreement with PT Telekomunikasi Indonesia in connection with the procurement of MPLS communication services in 1,200 (one thousand two hundreds) locations of offsite ATM for 3 (three) years with the contract value of Rp35,652.

On November 14, 2011, BRI entered into an agreement with PT Satkomindo Mediyasa in connection with the procurement of VSAT communication services in 1,000 (one thousand) locations of offsite ATM for 3 (three) years with the contract value of Rp30,610.

On March 29, 2011, BRI entered into an agreement with PT Telekomunikasi Indonesia in connection with the procurement of IP-VPN MPLS communication service in 800 (eight hundred) locations for 3 (three) years with a contract value of Rp876 per month.

On August 31, 2010, BRI entered into an agreement with PT Satkomindo Mediyasa in connection with the procurement of VSAT communication service in 982 (nine hundred eighty two) locations for 3 (three) years, with a contract value of Rp64,791.

b. Contingent Liabilities

In conducting its business, BRI is a defendant with various litigation proceedings and legal claims mainly with respect to matters of contractual compliance. Although there is no clear assurance yet, BRI believes that based on information currently available, the ultimate resolution of these legal proceedings and legal claims will not likely have a material effect on the operations, financial position or liquidity level of BRI.

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44. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

b. Contingent Liabilities (continued)

As of December 31, 2012, 2011 and 2010, BRI has established an allowance (included in "Other Liabilities") for several pending lawsuits filed against BRI amounted to Rp826,661, Rp968,064 and Rp517,189, respectively (Note 26). Management believes that the allowance is adequate to cover possible losses arising from pending litigations or legal claims that are currently in progress.

45. GOVERNMENT GUARANTEE ON OBLIGATIONS OF COMMERCIAL BANKS

Based on Presidential Decision No. 26 of 1998 as implemented by the Ministry of Finance Decision dated January 28, 1998 and the Joint Decrees No. 30/270/KEP/DIR and No. 1/BPPN/1998 dated March 6, 1998, of the Director of Bank Indonesia and Head of IBRA, the Government provided a guarantee on certain obligations of all locally incorporated commercial banks. Based on the latest amendment under the Decree of the Ministry of Finance Decision No. 179/KMK.017/2000 dated May 26, 2000, this guarantee is valid from January 26, 1998 up to January 31, 2001 and with automatic extension of the guarantee period continuously every 6 (six) months, unless within 6 (six) months before the maturity of the guarantee period or its extension period, the Ministry of Finance announces to the public the expiry and/or change in the guarantee program. For this guarantee, the Government charges premium which is computed based on a certain percentage in accordance with the prevailing regulations.

The Decision Letter No. 179/KMK.017/2000 dated May 26, 2000 from the Ministry of Finance of the Republic of Indonesia, concerning the "Conditions and Procedures in the Implementation of Government Guarantee for the Payment of Obligations of Commercial Banks" was amended by the Ministry of Finance Decision Letter No. 84/KMK.06/2004 dated February 27, 2004, concerning the "Conditions, Procedures and Policy in the Implementation of Government Guarantee for the Payment of Obligations of Commercial Banks". The changes consist of, among others, the responsibility of accepting payments for the guarantee premium was transferred from the Indonesian Bank Restructuring Agency to the Government Guarantee Implementation Unit (UP3).

In accordance with Regulation No. 17/PMK.05/2005 dated March 3, 2005 of the Ministry of Finance, starting April 18, 2005, commercial bank obligations guaranteed by the Government Guarantee Program include demand deposits, saving deposits, time deposits and borrowings from other banks in the form of inter-bank money market transactions.

The Government Guarantee Program through UP3 ended on September 22, 2005 based on Regulation No. 68/PMK.05/2005 dated August 10, 2005 of the Ministry of Finance regarding the "Calculation and Payment of Premium on Government Guarantee Program on the Payment of Obligations of Commercial Banks" for the period of July 1 up to September 21, 2005. The Government established the Indonesia Deposit Insurance Corporation (LPS), an independent agency, to replace UP3 based on Law No. 24 of 2004 dated September 22, 2004 regarding "Deposit Insurance Corporation", in order to provide guarantees on public funds including funds from other banks in the form of demand deposits, time deposits, certificates of deposits, saving deposits and/or other similar forms.

Based on LPS regulation No. 1/PLPS/2006 dated March 9, 2006 regarding "Government Guarantee Program on Saving Account", the balance of saving accounts guaranteed for each customer has a maximum of Rp100 million.

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45. GOVERNMENT GUARANTEE ON OBLIGATIONS OF COMMERCIAL BANKS (continued)

In accordance with Government Regulation No. 66 of 2008, dated October 13, 2008 regarding "The Amount of Public Savings Guaranteed by the Indonesia Deposit Insurance Corporation", the total amount of customers' saving accounts in banks which is guaranteed by the Government has increased to Rp2 billion, from the previous Rp100 million, effective on the date stated above.

46. REVISED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS

The following summarizes the revised Statements of Financial Accounting Standards (SFAS) which were issued by the Financial Accounting Standards Board (FASB) and are relevant to BRI and its Subsidiaries, effective on or after January 1, 2013:

- a. SFAS 38 (Revised 2012) "Business Combinations Entities". This revised SFAS prescribes the accounting treatment for business combinations under common control and applied to business combinations under common control that meet the requirements in SFAS 22 "Business Combinations", both for recipient and withdrawal entity.
- b. Amendment to Financial Accounting Standard for SFAS No.60 "Financial Instrument": Disclosure. The Financial Accounting Standard prescribes qualitative disclosure, in the context of qualitative disclosures that enable financial statements users to correlate the related disclosures, in order for the financial statements users to comprehend the overall perspective on the risk's characteristics and level resulting from the financial instrument. Interaction between qualitative and quantitative disclosures results in information disclosure that enable financial statement users to better evaluate entity risk exposure.
- c. Revocation SFAS No. 10, "Revocation of SFAS No. 51": Accounting for Quasi Reorganization.

Currently BRI and Subsidiaries are in the process of evaluating and have not determined the impact of the revised, amended and revoked SFAS on the consolidated financial statements.

47. OTHER DISCLOSURES

- a. Capital Adequacy Ratio (CAR)

CAR is the ratio of capital to Risk Weighted Assets (RWA), the computation is based on Bank Indonesia Regulation No. 10/15/PBI/2008 dated September 24, 2008, whereby the total capital for credit risk consists of core capital and supplementary capital. Banks which meet certain criteria have to consider market and operational risk in the computation of CAR by including additional supplementary capital component.

On December 31, 2012 BRI has not implemented PBI No.14/18/PBI/2012 dated November 28, 2012 on Minimum Capital Reserve for General Bank based on Risk Profile Rating, which is the amendment to PBI No.10/15/2008 dated September 24, 2008, as the aforementioned regulation is initially effective March 2013 reporting position by using December 2012 risk profile.

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47. OTHER DISCLOSURES (continued)

a. Capital Adequacy Ratio (CAR) (continued)

CAR of BRI (Parent Entity) as of December 31, 2012 amounted to 17.03% (unaudited) for the CAR credit risk and operational risk and 16.95% (unaudited) for credit risk, market risk and operational risk, at 31 December 2011 amounted to 15.08% (unaudited) for the CAR credit risk and operational risk and 14.96% (unaudited) for credit risk, market risk and operational risk, while on December 31, 2010 was 13.85% (unaudited) for the CAR credit risk and operational risk and 13.76% (unaudited) for credit risk, market risk and operational risk are calculated as follows:

	2012	2011	2010
Capital			
Core Capital ^{*)}	51,593,002	38,215,079	27,673,231
Supplementary Capital ^{**)}	3,540,675	3,600,909	4,037,358
Total Capital for Credit, Market and Operational Risks	55,133,677	41,815,988	31,710,589
RWA for Credit Risk after considering Special Risk ^{****)}	259,490,149	224,304,622	201,883,081
RWA for Operational Risk ^{****)}	64,207,405	52,998,112	27,130,913
Total RWA for Credit and Operational Risks	323,697,554	277,302,734	229,013,994
RWA for Market Risk	1,654,474	2,299,908	1,433,038
Total RWA for Credit, Operational and Market Risks	325,352,028	279,602,642	230,447,032
CAR for Credit and Operational Risks ^{****)}	17.03%	15.08%	13.85%
CAR for Credit, Market and Operational Risks ^{****)}	16.95%	14.96%	13.76%
Minimum CAR	8.00%	8.00%	8.00%

^{*)} Presented by excluding deferred tax assets according to Bank Indonesia Regulation No. 10/15/PBI/2008 dated September 24, 2008.

^{**)} Presented after deducting the amortization of Subordinated Bonds during the period according to Bank Indonesia Letter No. 12/18/DPB1/TPB1-3 dated February 11, 2010.

^{****)} Credit risk dated December 31, 2012 calculated according to Bank Indonesia Form Letter No. 13/6/DPNP dated February 18, 2011 where the calculation of RWA using standard approach effective January 2, 2012.

^{*****)} Operational risk is only included in 2010 according to Bank Indonesia Form Letter No. 11/3/DPNP dated January 27, 2009.

b. Non-Performing Loans (NPL) Ratio

As of December 31, 2012, 2011 and 2010, BRI's non-performing loans ratio including Sharia receivables and financing are as follows:

(i) Consolidated

	2012	2011	2010
Gross NPL ratio	1.83%	2.32%	2.79%
Net NPL ratio	0.38	0.51	0.75

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47. OTHER DISCLOSURES (continued)

b. Non-Performing Loans (NPL) Ratio (continued)

As of December 31, 2012, 2011 and 2010, BRI's non-performing loans ratio including Sharia receivables and financing are as follows (continued):

(ii) BRI (Parent Entity)

	2012	2011	2010
Gross NPL ratio	1.78%	2.30%	2.78%
Net NPL ratio	0.34	0.42	0.74

Net NPL ratio is calculated based on NPL after deducting the minimum allowance for possible losses divided by the total loans amount in accordance with Bank Indonesia regulations.

c. Custodian Operations and Selling Agent

BRI rendered custodian services since 1996 based on its operating license through Bapepam Chairman Decision Letter No. 91/PM/1996 dated April 11, 1996 and was also selected as the Sub-Registry in conducting of Government bonds transactions and administration of Scriptless Certificates of Bank Indonesia by Bank Indonesia.

The custodian services business is a part of the Treasury Division, which provides services such as:

- Safekeeping, administration services and portfolio valuation;
- Transaction settlement (settlement/transaction handling) services;
- Income collection services, including the related tax payments;
- Corporate actions and proxy services;
- Information and reporting services, including information through website;
- Custodian Unit Link services, DPLK, KIK EBA; and
- On-line Brokerage services of BRI's shares.

BRI has (unaudited) 91 (ninety one), 83 (eighty three) and 69 (sixty nine) customers as of December 31, 2012, 2011 and 2010, respectively, which mainly consist of pension funds, financial institutions, securities companies, insurance companies, mutual funds and other companies.

The custodian fees earned (unaudited) for the years ended December 31, 2012, 2011 and 2010 amounted to Rp18,015, Rp11,050 and Rp11,340, respectively.

In order to improve services to customers, BRI Custodian currently provides information system accessible through the "Customer Information E-access" website, in order to provide more convenience to customers in obtaining information on their portfolio value.

BRI, who acts as a custodian Bank, coordinates with PT Asuransi Jiwa Bringin Jiwa Sejahtera, in developing "Unit Link" products which will be marketed through BRI Branch Offices, which are appointed as the selling agents.

d. Trustee Agent Operations

BRI rendered trust services since 1990. The operating license of BRI for trust services was granted by the Ministry of Finance based on its Decision Letter No. 1554/KMK.013/1990 dated December 6, 1990 and registered in Bapepam in conformity with its Operating License as Trust Services No. 08/STTD-WA/PM/1996 dated June 11, 1996.

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47. OTHER DISCLOSURES (continued)

d. Trustee Agent Operations (continued)

The trust services business is a part of the Treasury Division which provides services such as:

- Trust services
- Security agent
- Payment agent
- Sinking fund agent
- Selling agent of mutual funds and investment products.

BRI has (unaudited) 17 (seventeen), 15 (fifteen) and 13 (thirteen) customers as of December 31, 2012, 2011 and 2010, respectively. The total value of bonds issuance on behalf of bonds issuers managed by BRI as part of its trust services (including security agents) (unaudited) amounted to Rp42,656,506, Rp27,264,603 and Rp24,983,653 as of December 31, 2012, 2011 and 2010, respectively.

The fees and commissions on trust services and other related services (payment agent) (unaudited) earned for the years ended December 31, 2012, 2011 and 2010 amounted to Rp5,142, Rp3,970 and Rp4,414, respectively.

To comply with Bapepam-LK Regulation No. Kep-11/BL/2006 dated August 30, 2006 on "Mutual Funds Selling Agent Behavior", the selling agent services function previously performed by the custodian has been transferred to the Trustee Agent.

The total income from services as mutual funds and government retail bonds agent (unaudited) amounted to Rp2,957, Rp1,540 and Rp1,673, for the years ended December 31, 2012, 2011 and 2010, respectively.

48. EARNINGS PER SHARE

The following presents the reconciliation of factors in the computation of basic and diluted earnings per share (EPS) attributable to the owners of Parent Entity:

	2012		
	Income for the year attributable to the owners of Parent Entity	Weighted average number of outstanding common shares	Income for the year attributable to the owners of Parent Entity per share (Full Rupiah)
Income for the year attributable to the owners of Parent Entity	18,680,884	23,982,840,849	778.93
	2011		
	Income for the year attributable to the owners of Parent Entity	Weighted average number of outstanding common shares	Income for the year attributable to the owners of Parent Entity per share (Full Rupiah)
Income for the year attributable to the owners of Parent Entity	15,082,939	23,982,840,849	628.91

These consolidated financial statements are originally issued in the Indonesian language.

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48. EARNINGS PER SHARE (continued)

The following presents the reconciliation of factors in the computation of basic and diluted earnings per share (EPS) for Parent Entity (continued):

	2010		
	Income for the year attributable to the owners of Parent Entity	Weighted average number of outstanding common shares	Income for the year attributable to the owners of Parent Entity per share (Full Rupiah)
Income for the year attributable to the owners of Parent Entity	11,472,385	23,982,840,850	478.36

49. COMPLETION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The management of BRI is responsible for the preparation of these consolidated financial statements which were completed and authorized for issue on January 23, 2013.